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# Congressional Record

## SEVENTY-THIRD CONGRESS, FIRST SESSION

### SENATE

FRIDAY, MAY 12, 1933

(Legislative day of Monday, May 1, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

#### MESSAGE FROM THE HOUSE OF REPRESENTATIVES—ENROLLED BILLS SIGNED

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H.R. 3835. An act to relieve the existing national economic emergency by increasing agricultural purchasing power, to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and for other purposes; and

H.R. 4606. An act to provide cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering caused by unemployment, and for other purposes.

#### CALL OF THE ROLL

Mr. LEWIS. Mr. President, I note the absence of a quorum, and move a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Coolidge	Kendrick	Robinson, Ark.
Ashurst	Costigan	Keyes	Robinson, Ind.
Austin	Couzens	King	Russell
Bachman	Dale	La Follette	Schall
Bailey	Dickinson	Lewis	Sheppard
Bankhead	Dieterich	Logan	Shipstead
Barbour	Dill	Loneragan	Smith
Barkley	Duffy	Long	Steiwer
Black	Erickson	McAdoo	Stephens
Bone	Fess	McCarran	Thomas, Okla.
Borah	Fletcher	McGill	Thomas, Utah
Bratton	Frazier	McKellar	Townsend
Brown	George	McNary	Trammell
Bulkeley	Glass	Metcalf	Tydings
Bulow	Goldsborough	Murphy	Vandenberg
Byrd	Gore	Neely	Van Nuys
Byrnes	Hale	Nye	Walsh
Capper	Harrison	Overton	Wheeler
Caraway	Hatfield	Patterson	White
Carey	Hayden	Pope	
Clark	Johnson	Reed	
Connally	Kean	Reynolds	

Mr. LEWIS. I wish to announce that the Senator from New York [Mr. COPELAND] is detained on official matters and will be absent from the Senate today. I ask that this announcement remain for the day.

The VICE PRESIDENT. Eighty-five Senators have answered to their names. A quorum is present.

#### NOTIFICATION OF CONFIRMATION OF CIVIL SERVICE COMMISSIONERS

Mr. McKELLAR. Mr. President, on Monday, May 8, the nominations of Mrs. Lucille F. McMillin and Mr. Harry B. Mitchell to be members of the Civil Service Commission were confirmed. The Senate has taken recesses from time to time since then, and two legislative days have not as yet expired. As in executive session, I ask unanimous consent

that the President may be notified of the confirmation of these two nominations.

Mr. McNARY. Mr. President, the Senator well knows that I have objected to that procedure for some time, because many Senators have complained to me about it. I will have to object to the request.

The VICE PRESIDENT. Objection is made.

#### PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the Legislature of the State of South Carolina, which was referred to the Committee on Education and Labor:

A concurrent resolution (introduced by Senator Nash) requesting the Members of the Federal Congress from South Carolina to use their influence to retain in South Carolina the services of the conservation corps allotted to South Carolina

Whereas the Federal Government has established conservation camps; and

Whereas South Carolina's allotment is 3,500 members of such conservation corps; and

Whereas it will be for the best interest of South Carolina that these men be employed in such work in South Carolina: Now, therefore, be it

Resolved by the senate (the house of representatives concurring), That the South Carolina Senators and Representatives in Congress be, and they hereby are, requested to use their efforts to have all of the South Carolina members of the Conservation Corps retained and employed within this State or that a camp or camps of equal number from other States be established in this State, so that South Carolina may thereby be benefited in the conservation of her timber and forests and so that the funds paid to such conservation corps may be spent within this State; be it further Resolved, That a copy of this resolution be mailed by the clerk of the senate to each member of the South Carolina delegation in the Federal Congress.

Adopted May 4, 1933.

A true copy.

[SEAL]

JAS. H. FOWLES,  
Clerk of South Carolina Senate.

The VICE PRESIDENT also laid before the Senate the following concurrent resolution of the Legislature of the State of Texas, which was referred to the Committee on Banking and Currency:

#### Senate Concurrent Resolution 56 (by Duggan)

Whereas the Reconstruction Finance Corporation funds available for the Texas Relief Commission may be used only for one of three purposes: Reforestation, flood prevention, soil erosion; and

Whereas there is no reforestation or flood prevention in west Texas and very little benefit can be derived from soil-erosion work, all of which practically deprives the entire western part of Texas from any benefit to be derived from these relief funds; and

Whereas all of west Texas is badly in need of improved roads, and if the portion of said funds belonging to west Texas could be used also in the betterment of roads in that section of the State it would not only give employment to those needing the same but would greatly add to the betterment of that section of the State as a whole: Now, therefore, be it

Resolved by the Senate of the State of Texas (the house of representatives concurring), That the Legislature of the State of Texas memorialize the National Congress to so amend the Wagner bill that the Reconstruction Finance Corporation funds to be appropriated to the Texas Relief Commission may be used for the building of good roads in any section of the State which cannot use them more profitably in the work of reforestation, flood prevention, or soil erosion.

EDGAR E. WITT,  
President of the Senate.

I hereby certify that Senate Concurrent Resolution No. 56 was read and adopted by the senate May 5, 1933, by a viva voce vote.

BOB BARKER,  
Secretary of the Senate.

The VICE PRESIDENT also laid before the Senate the following joint resolution of the Legislature of the State of Wisconsin, which was referred to the Committee on Banking and Currency:

STATE OF WISCONSIN.

Joint resolution relating to the bill of President Roosevelt for refinancing home mortgages

Whereas President Roosevelt on April 13 sent a special message to Congress recommending the enactment of legislation to refinance home-mortgage indebtedness and a bill was immediately introduced to carry out this recommendation of the President; and

Whereas this bill provides machinery through which existing mortgage debts on small homes may be adjusted to a sound basis of values without injustices to investors, at substantially lower interest rates and with provisions for postponing both interest and principal payments in cases of extreme need; and

Whereas this bill, if enacted into law, will protect many small-home owners from foreclosures and relieve them from a portion of the burden of excessive interest and principal payments incurred during the period of higher values and higher earning power; and

Whereas this proposed legislation is the best possible safeguard that can be thrown around home ownership at this time and is a guarantee of social and economic stability: Therefore be it

*Resolved by the assembly (the senate concurring),* That the Legislature of Wisconsin commends President Roosevelt for the action he has taken to solve the very pressing problem of the heavy mortgage indebtedness on homes and urges the Congress of the United States to promptly enact the legislation recommended by the President; be it further

*Resolved,* That properly attested copies of this resolution be transmitted to both Houses of the Congress of the United States and to each Wisconsin Member thereof.

THOMAS J. O'MALLEY,  
President of the Senate.  
R. A. COBBAN,  
Chief Clerk of the Senate.  
C. T. YOUNG,  
Speaker of the Assembly.  
JOHN J. SLOCUM,  
Chief Clerk of the Assembly.

The VICE PRESIDENT also laid before the Senate the following joint resolution of the Legislature of the State of Wisconsin, which was referred to the Committee on Finance:

STATE OF WISCONSIN.

Joint resolution relating to allotment to the States of a part of the Federal excise tax on beer

Whereas the Congress of the United States has imposed an excise tax of \$5 per barrel on the manufacture of beer; and

Whereas the finances of all States are in such a condition that it is almost imperative that they also derive some revenue from a tax on beer; and

Whereas varying State taxes on beer not only result in duplicate taxation but also in unfair competition between brewers located in different States; and

Whereas all such difficulties can be avoided if the only tax on beer is imposed by the Federal Government and the Congress of the United States will assign to the States a definite percentage of all the revenue derived from such tax on beer: Therefore be it

*Resolved by the assembly (the senate concurring),* That the Legislature of Wisconsin hereby respectfully memorializes the Congress of the United States to amend the law imposing an excise tax on beer to assign not less than 20 percent of the proceeds of such tax to the States in which the revenue is collected; be it further

*Resolved,* That properly attested copies of this resolution be sent to the presiding officers of both Houses of the Congress of the United States and to each Wisconsin Member thereof.

THOMAS J. O'MALLEY,  
President of the Senate.  
R. A. COBBAN,  
Chief Clerk of the Senate.  
C. T. YOUNG,  
Speaker of the Assembly.  
JOHN J. SLOCUM,  
Chief Clerk of the Assembly.

The VICE PRESIDENT also laid before the Senate a petition of sundry citizens of the State of Louisiana, praying for a senatorial investigation relative to alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which was referred to the Committee on the Judiciary.

He also laid before the Senate a letter in the nature of a memorial from T. D. Pollard, of New Iberia, La., endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, condemning attacks made upon him and remonstrating against a senatorial investigation of his alleged acts and

conduct, which was referred to the Committee on the Judiciary.

He also laid before the Senate resolutions adopted by the Commissioners' Court of McLennan County, Tex., endorsing the program of President Roosevelt and urging the inauguration of a public-works program to provide highway construction in the State of Texas, which were referred to the Committee on Education and Labor.

He also laid before the Senate resolutions adopted by members of the Unemployed Workers' League of Mineral County, assembled at Keyser, W. Va., complaining of relief conditions and the distribution of groceries; also protesting against the recent reduction of the wage scale from 30 cents to 22½ cents per hour, and stating that the allotted allowances or payments only provide 5½ cents per meal for each individual in a family of three, etc., and favoring an investigation of such conditions, which were referred to the Committee on Education and Labor.

Mr. BULKLEY presented a petition signed by 431 citizens of Columbus, Ohio, and vicinity, praying for the adoption of the so-called "Long plan" for the redistribution of wealth, which was ordered to lie on the table.

PENSION RELIEF OF SPANISH-AMERICAN WAR VETERANS

Mr. ROBINSON of Indiana. Mr. President, I have received copy of a resolution adopted by members of George Vawter Camp, No. 73, Department of Indiana, United Spanish War Veterans, which I ask may be incorporated in the RECORD and appropriately referred.

There being no objection, the resolution was referred to the Committee on Pensions and ordered to be printed in the RECORD, as follows:

GEORGE VAWTER CAMP, 73, DEPARTMENT OF INDIANA, UNITED SPANISH WAR VETERANS.

Whereas recent legislation will take away from the veterans of the Spanish-American War the pensions they have enjoyed in the past; and

Whereas these pensions have practically been the only support of these veterans; and

Whereas the withdrawal of these pensions will probably cause many of them to become public charges on account of old age and their inability to secure employment: Be it

*Resolved,* That we, members of George Vawter Camp, 73, Indiana, veterans of the Spanish-American War, urge and plead and petition Congress to recognize and give a decent and respectable relief in way of legislation which will enable these veterans to live the remaining days of their lives in a moderate, comfortable manner; and

*Resolved,* That a copy of these resolutions be sent to the Congressman of this district, and the Senators representing the State of Indiana.

J. W. RUSSELL, Commander.  
H. S. MATTHEWS, Adjutant.

PETITION OF WIDOWS OF OFFICERS AND ENLISTED MEN OF THE NAVY WHO PERISHED IN "AKRON" DISASTER

Mr. TRAMMELL presented the petition of the widows of officers and enlisted men of the Navy who lost their lives in the wreck of the U.S.S. *Akron* and the U.S.S. *J-3* on April 4, 1933, praying for the passage of legislation restoring in their case the double pension which widows of flight officers and men were entitled to receive prior to the passage of the so-called "Economy Act", which was referred to the Committee on Naval Affairs and ordered to be printed in the RECORD, as follows:

PETITION TO THE SENATE OF THE UNITED STATES

UNITED STATES NAVAL AIR STATION,  
Lakehurst, N.J.

We, the undersigned widows of officers and enlisted men of the United States Navy who lost their lives in the wreck of the U.S.S. *Akron* and the U.S.S. *J-3* on April 4, 1933, respectfully represent as follows:

1. That our husbands lost their lives in the line of duty.
2. That there are many cases of great distress among us, involving not only us but our children.
3. That because of the hazardous character of their duty it was impossible for our husbands to carry adequate insurance on account of the high premiums charged, and, therefore, they relied for our protection, in the event they lost their lives in the flying service, upon the provision of law awarding double pension to their widows and dependents.



4. That there was such provision of law until the passage of the economy law approved March 20, 1933, which, a few days before the Akron disaster, repealed the prior law on the subject, leaving no time for our husbands, even if they had been financially able, to procure a proportionate amount of insurance.

5. That we are informed that under existing law the maximum pension any of us may hope to receive is \$22 a month, with such additional allowances as may be provided in the case of minor children.

We, therefore, respectfully petition your honorable body that a law be enacted restoring in our case the double pension which widows of flight officers and men were entitled to receive prior to the passage of the said Economy Act.

And we will ever humbly pray.

Charlotte Laidlaw Berry, Margaret D. McCord, Mildred Champion Redfield, Dorothy Hasbrouck Cummins, Marion A. Cross, Lillian Collier Calnan, Sally Hunters Clendening, Frances Lathrop Smith Dugan, Marjorie Severyns, Dorothy Cooper, Frances G. Boelsen, Beatrice E. Quernheim, Laura Rader, Mary Emma Latham, Olive Minnette Liles, Mary Bettio, Evelyn Hawey Morien, Marie Alice Graves, Beatrice M. Arthur, Marion Frances Walsh, Naomi M. Zemkees, Mosca Copeland, Margaret M. Stine, Marie K. Walck.

#### REPORTS OF COMMITTEES

Mr. STEPHENS, from the Committee on Commerce, to which was referred the joint resolution (S.J.Res. 50) designating May 22 as National Maritime Day, reported it without amendment.

Mr. SHEPPARD, from the Committee on Commerce, to which was referred the bill (S. 1577) creating the St. Lawrence Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Lawrence River at or near Ogdensburg, N.Y., reported it without amendment and submitted a report (No. 65) thereon.

He also, from the Committee on Military Affairs, to which were referred the following bills and joint resolution, reported them severally without amendment and submitted reports thereon:

S. 1286. An act to increase the efficiency of the Veterinary Corps of the Regular Army (Rept. No. 69);

S. 1548. An act for the relief of Harry Flanery (Rept. No. 71); and

S.J.Res. 48. Joint resolution authorizing the Secretary of War to receive for instruction at the United States Military Academy at West Point, Posheng Yen, a citizen of China (Rept. No. 70).

Mr. CAREY, from the Committee on Military Affairs, to which was referred the bill (S. 879) for the relief of Howell K. Stephens, reported it with an amendment and submitted a report (No. 67) thereon.

He also, from the same committee, to which was referred the bill (S. 1587) to amend an act entitled "An act to recognize the high public service rendered by Maj. Walter Reed and those associated with him in the discovery of the cause and means of transmission of yellow fever", approved February 28, 1929, as amended, by including Roger P. Ames among those honored by said act, reported it without amendment and submitted a report (No. 68) thereon.

Mr. CUTTING, from the Committee on Military Affairs, to which was referred the bill (S. 860) for the relief of George W. Edgerly, reported it without amendment and submitted a report (No. 72) thereon.

Mr. FLETCHER, from the Committee on Banking and Currency, to which was referred the bill (S. 1634) to provide for the redemption of national-bank notes, Federal Reserve bank notes, and Federal Reserve notes which cannot be identified as to the bank of issue, reported it without amendment and submitted a report (No. 66) thereon.

#### BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HALE:

A bill (S. 1652) granting a pension to Alice H. Palmer (with accompanying papers); to the Committee on Pensions.

By Mr. NEELY:

A bill (S. 1653) for the relief of Charles Flanagan; to the Committee on Finance.

A bill (S. 1654) for the relief of George Yusko; to the Committee on Military Affairs.

A bill (S. 1655) granting a pension to Earl E. Bayles; to the Committee on Pensions.

By Mr. FLETCHER:

A bill (S. 1656) for the relief of Lyman D. Drake, Jr.; to the Committee on Claims.

By Mr. THOMAS of Oklahoma:

A bill (S. 1657) to amend section 3 of the act entitled "An act to extend the period of restriction in lands of certain members of the Five Civilized Tribes, and for other purposes", approved May 10, 1928 (45 Stat.L. 496), as amended by the act of February 14, 1931 (46 Stat.L. 1108); to the Committee on Indian Affairs.

By Mr. PITTMAN, Mr. WALCOTT, Mr. McNARY, and Mr. NORBECK:

A bill (S. 1658) to supplement and support the Migratory Bird Conservation Act by providing funds for the acquisition of areas for use as migratory-bird sanctuaries, refuges, and breeding grounds, for developing and administering such areas, for the protection of certain migratory birds, for the enforcement of the Migratory Bird Treaty Act and regulations thereunder, and for other purposes; to the Special Committee on Conservation of Wild Life Resources.

#### INDEFINITE POSTPONEMENT OF A HOUSE BILL

Mr. FLETCHER. Mr. President, I move that the bill (H.R. 4795) to provide emergency relief with respect to agricultural indebtedness, to refinance farm mortgages at lower rates of interest, to amend and supplement the Federal Farm Loan Act, to provide for the orderly liquidation of joint-stock land banks, and for other purposes, which was received from the House some time ago and is now on the Vice President's table, be indefinitely postponed, because its text is included in title II of House bill 3835, the farm relief bill.

The motion was agreed to.

#### INVESTIGATION RELATIVE TO RECEIVERSHIPS AND BANKRUPTCY PROCEEDINGS

Mr. McADOO. Mr. President, I desire to submit a resolution providing for the appointment of a special committee of the Senate to investigate the administration of receiverships and bankruptcy proceedings in the Federal courts. I ask that it may lie on the table.

The VICE PRESIDENT. Without objection, it is so ordered.

The resolution (S.Res. 78) was ordered to lie on the table, as follows:

*Resolved*, That a special committee of the Senate, consisting of 5 Senators, to be appointed by the President of the Senate, 3 from the majority political party and 2 from the minority political party, is authorized and directed to make an investigation of the administration of receivership and bankruptcy proceedings in the courts of the United States, with particular reference to the appointment of receivers and trustees in bankruptcy in such proceedings, and the fees received in the course of such administration, and generally of all matters concerning which information would be desirable in order to correct by legislation such abuses as may be found. The committee shall report to the Senate, as soon as practicable, the results of its investigation, together with its recommendations.

For the purposes of this resolution the committee, or any duly authorized subcommittee or member thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-third Congress, to employ counsel and such clerical and other assistants, to require by subpoena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed \$—, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

## GENERAL SURVEY OF INDIAN CONDITIONS—EXPENSES

Mr. KING submitted the following resolution (S.Res. 79), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

*Resolved*, That the Committee on Indian Affairs, or any subcommittee thereof, authorized and directed by Senate resolution to make a general survey of Indian conditions in the United States, is hereby authorized to expend \$15,000 from the contingent fund of the Senate in addition to the sums previously authorized for said purpose.

## REGULATIONS FOR PRESCRIPTION OF MEDICINAL LIQUORS (S.DOC. NO. 60)

Mr. METCALF. Mr. President, I ask that there may be printed as a Senate document regulations no. 11, concerning the prescribing of medicinal liquors, of the Treasury Department, Bureau of Industrial Alcohol.

The VICE PRESIDENT. Without objection, it is so ordered.

## MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States, submitting nominations, were communicated to the Senate by Mr. Latta, one of his secretaries.

## MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed a bill (H.R. 5389) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes, in which it requested the concurrence of the Senate.

## RECONSTRUCTION FINANCE CORPORATION LOAN TO CHICAGO BANK

Mr. LEWIS. Mr. President, I beg to tender an article from the Chicago Herald and Examiner of May 11, and, at the request of Members of the House of Representatives, as the article touches pending legislation, I ask unanimous consent that it may be printed in the CONGRESSIONAL RECORD.

There being no objection, the article was ordered printed in the RECORD, as follows:

[From the Chicago Herald and Examiner, May 11, 1933]

## UNITED STATES SHOULD PROBE THOSE MIDNIGHT MILLIONS—CHICAGO SECURITIES AGAINST INSULL "SECURITIES"

Chicago tax warrants still don't seem to have enough value in the eyes of the Reconstruction Finance Corporation to be security for a loan unless they are first endorsed by some bank.

Therefore Chicago's school teachers and other city employees are still unpaid.

Now, if the Reconstruction Finance Corporation won't lend on these Chicago tax warrants unless the banks endorse and if the banks won't endorse, just how can it be expected that the government and subgovernments of Chicago are to continue in existence? The United States Treasury and the international bankers have not hesitated to step in and send billions of good American money to "save democracy" in other countries. However, nobody seems interested in "saving democracy" in an American city like Chicago. The policemen, firemen, and other city employees are paid in random fashion and are always behind in their incomes.

The unpaid school teachers of Chicago, while appealing for help recently, heard the ex-Vice President of the United States, Charles G. Dawes, who is now chairman of a new bank, announce his brilliant policy of "to hell with trouble makers." Now, if the city and the State government can't seem to help the local situation, it is about time the heads of the Federal Government in Washington stepped in to see what's happening to "democracy" in this community—and, of course, we don't mean political Democracy.

Political Democracy—that is, the rank and file of the Democratic Party of this community—voted unmistakably for a "new deal", and they want it. They want all the public employees, including the school teachers, paid. They don't want their educational system wrecked.

The people of this community would like to know why a bank endorsement is necessary for the Federal Government to lend money on the official, legal securities of this community.

Do all bank endorsements on securities accepted by the Reconstruction Finance Corporation make those securities good? If the new Federal administration wants to see how much value some banks' endorsement adds to doubtful securities, accepted by the Reconstruction Finance Corporation, the Chicago Herald and Examiner urges that the Secretary of the Treasury and Attorney General of the United States begin an immediate inquiry into

how much good the endorsement of General Dawes' old Central Republic Bank did on some of the securities that were given the Reconstruction Finance Corporation in payment for the famous \$90,000,000 Dawes' bank loan.

This is a procedure that should be undertaken at once, and some way should be found to lay bare all the facts.

Now, when the Reconstruction Finance Corporation passes out money to "save a bank", but in reality to save a banker, whose money do you think it is passing out? Do you think it draws this money out of the air through some alchemy, or do you think these millions came from some foreign nation which has our money? No, friends and fellow citizens; the money which it passes over to a banker like General Dawes is your money, because the national credit, which means your credit, is back of that loan. Any part of the loan that is not recovered by the Reconstruction Finance Corporation will be paid for ultimately by you out of taxes that the United States Government will collect to make good any losses the Reconstruction Finance Corporation suffers. The only place the United States Government has to get money is out of its citizens, and whether it be through tariff, taxation, or license, the citizens of this country pay for everything the Government does.

So this little deal, made mysteriously at midnight between the Reconstruction Finance Corporation and General Dawes' bank, means that everything the citizens of this community own and can earn is pledged back of that \$90,000,000 loan to a favored group.

It seems funny, friends—doesn't it?—to think that you helped lend \$90,000,000 to General Dawes' Central Republic Bank and that that bank's pledge to pay will be made good by you if it isn't made good by the bank. Doesn't that interest you to the extent of wanting to know just what securities General Dawes' bank put up—securities that were so hurriedly accepted at midnight by the Reconstruction Finance Corporation?

Doesn't it interest you doubly when you know that sooner or later all the tax warrants of Chicago will be made good and that you will make them good through taxation?

What moral right has a little group like the Reconstruction Finance Corporation to lend \$90,000,000 of our money to the bankers in control of a single bank when they tell us they can't take Chicago's securities, which are in reality backed by the wealth of a city which, despite its taxation problems, is one of the wealthiest cities in the world? It possesses enormous wealth, and while in possession of such holdings as its water system, its many public buildings, parks, school buildings, and enormous other assets, it can never fail to make good on its tax warrants.

Now compare this with what the Reconstruction Finance Corporation took from General Dawes' Central Republic Bank. Of course you can't compare it, because the Reconstruction Finance Corporation, for reasons best known to itself, has made a great secret of what it took as security from the Dawes bank.

However, the Herald and Examiner, which now urges a complete investigation of this loan, can tell you that the Reconstruction Finance Corporation did accept about \$11,000,000 in notes and securities of Insull companies and Insull employees. What other securities it accepted for the balance of the \$90,000,000 only the Reconstruction Finance Corporation or General Dawes and his associates can tell us. And all Chicagoans would really like to know. In fact, American citizens in various parts of the country would like to know. The Reconstruction Finance Corporation has fought against publicity as to its loans and later, when forced by an act of Congress to submit some publicity, limited the publicity to a few figures that mean nothing to the public.

Now, to deal with the \$11,000,000 item of Insull security in the Dawes loan, it would be interesting to know how much they were really worth, if anything. We know a few facts about them from the outside.

And while we are on the subject, would it not have been better for all concerned if instead of Mr. Dawes' bank having \$11,000,000 in Insull securities to turn over to the Reconstruction Finance Corporation, Mr. Dawes' bank had had as a substitute \$11,000,000 worth of Chicago tax warrants? These are still quoted almost at par.

On the witness stand General Dawes admitted to United States Senator COUZENS, of Michigan, that all of the bank's Insull loans, and the collateral therefor, had been passed on to the Reconstruction Finance Corporation—which means to the American people.

Many of these loans were made by the bank shortly before the time of the Insull receivership date in April of last year. The famous Dawes midnight loan was made on June 27, 1932, and we in Chicago have a pretty good idea of what value there was in Insull securities at the latter date. Similar securities had broken the backs of everybody who owned them. Any Chicago school child can tell you how much an \$11,000,000 loan to Insull interests prior to the receivership was worth on June 27, 1932.

The people of Chicago who feel that the Federal Government should loan some of the public money on paper backed by the security of this city would like to know exactly what value existed in each of the Dawes securities, including the Insull securities, accepted by the Reconstruction Finance Corporation, and what their market value was at the time.

Now, of course, it may have been thought that if utility rates could be held up while utility costs went down, during which



time the integrity of these securities was maintained by the credit of the United States, they would eventually come back to some substantial value. But what does the Reconstruction Finance Corporation think would be happening to Chicago in the meantime? Did it think that Chicago, America's second largest city, might possibly go into bankruptcy while the Insull companies went on building up the bank roll to make good for all of the rottenness of Insullism?

It is about 10½ months since the \$90,000,000 loan was made, and after converting as many of the assets as have thus far been convertible, Mr. Dawes' old bank still owes the Reconstruction Finance Corporation \$66,423,761.49.

Now, if General Dawes and his associates had, after getting the \$90,000,000 from the Reconstruction Finance Corporation, kept the bank going, those who believe in secrecy for the sake of saving a bank might spell out some reason for continuing to keep the details of this loan a secret. There is a school of secret finance. General Dawes, himself, was head of the Reconstruction Finance Corporation just about 6 weeks before his bank got the big midnight loan, and at that time the Reconstruction Finance Corporation believed strongly in secrecy, and we heard a lot about the necessity of maintaining bank integrity.

General Dawes, however, with the \$90,000,000 once in the cash drawer of his bank, decided, with his associates, to liquidate the bank. General Dawes did not continue devoting all his time to the continuation or even the liquidation of the old bank. The stockholders of that bank were left with a fine mess on their hands, as a result of which they will face assessment for any deficiencies, allowing General Dawes and his associates to set up a new bank right on the same old premises.

Within a short time he then transferred the remaining deposit accounts of the old bank to the new bank and took with him enough of the unexpended balance of the \$90,000,000 to equal the transferred deposits.

So it is no longer a question of protecting a going bank. It is merely a question of learning the full truth about a defunct bank and what the United States Government got in return for \$90,000,000 of your money.

If you have any idea that General Dawes' old bank should still be protected from publicity, please take into account that a week before it got the loan from the Federal Government its stock was selling at \$52.50 a share and is now offered at 75 cents a share with practically no takers.

By the time the Attorney General and the Secretary of the Treasury get through investigating this transaction, perhaps they will decide that it is the Insulls and those who ran the Dawes bank and those who ran the Stevens' Illinois Life Insurance Co. who are the real makers of the present-day troubles in Chicago. Perhaps it is financing of the kind that was done by these gentlemen which has caused most of the trouble for the people of the United States.

Perhaps a Federal grand jury or Senate investigation of the Dawes loan under the direction of the Attorney General might convince the Reconstruction Finance Corporation that Chicago tax warrants are infinitely better security without a bank endorsement than some of the Insull "securities" were with bank endorsement.

Every merchant and manufacturer, big and little, in Chicago, is vitally interested in the standing of Chicago tax warrants. Their value and acceptance as a type of currency are vital to the community. Therefore the business men of this community will join heartily with the Herald and Examiner in urging that there be a Federal probe of the \$90,000,000 Reconstruction Finance Corporation loan to the Dawes bank and that this probe begin at once.

By all means, Uncle Sam, investigate those midnight millions.

#### HOUSE BILL REFERRED

The bill (H.R. 5389) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

#### EXTENSION OF GASOLINE TAX

The Senate resumed the consideration of the bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes.

The VICE PRESIDENT. The question is on the amendment submitted by the Senator from West Virginia [Mr. HATFIELD].

Mr. LONG. On that I ask for the yeas and nays.

Mr. HATFIELD. Mr. President, in the CONGRESSIONAL RECORD, on page 3245, first column, in the amendment submitted by me in section 6 the word "not" has been omitted before the words "produced in the United States." The word "not" should be added to the amendment.

The VICE PRESIDENT. The Chair will inform the Senator from West Virginia that, while the amendment as printed

in the RECORD does not contain the word "not", the amendment as printed and at the desk has that word in it.

Mr. HATFIELD. I thank the Chair.

Mr. COSTIGAN. Mr. President, may I ask the attention of the Senator from West Virginia with respect to his amendment? The amendment is highly technical in form, and I venture to ask the Senator whether he will explain how high a level of tariff rates is permissible under his amendment for the purpose of offsetting depreciated foreign currencies?

Mr. HATFIELD. Upon the recommendation of the Tariff Commission, anywhere from 25 to 100 percent.

Mr. COSTIGAN. Is that in addition to other rates levied by the tariff law?

Mr. HATFIELD. No; it is not.

Mr. COSTIGAN. May I ask the Senator from West Virginia whether there were any hearings upon his amendment? It has not been considered by a committee of the Senate, I understand.

Mr. HATFIELD. There were no hearings, I may say to the distinguished Senator, upon my amendment, save and except the hearings which were held during the second session of the Seventy-second Congress, which are designated: "Hearings before a subcommittee of the Committee on Ways and Means, House of Representatives, Seventy-second Congress, second session, H.R. 1399, January 26, 27, 28, 30", and so forth.

Mr. COSTIGAN. It is true, is it not, that in the hearings to which the Senator refers, the chairman of the United States Tariff Commission, Mr. O'Brien, a Massachusetts Republican, also the vice chairman of the Commission, Dr. Thomas Walker Page, a Virginia Democrat and former chairman of that Commission, testified?

Mr. HATFIELD. That is true, Mr. President.

Mr. COSTIGAN. Those witnesses, I believe, testified, in substance, one corroborating the other, that any commercial disadvantages to an importing country arising out of depreciated foreign currencies are either temporary or illusory. Chairman O'Brien, I believe, quoted the Finance Minister of Holland as saying, in effect, that those disadvantages which are not temporary are illusory, and those that are not illusory are temporary.

Mr. HATFIELD. That is true, but I may say to the distinguished Senator that Mr. O'Brien took the position in an interview, as I remember, that the tariff should be increased horizontally 15 percent, and then when he appeared before the Committee on Ways and Means, or at least a subcommittee of that committee, he took the position which the Senator now indicates. However, the attitude taken by the chairman of the Tariff Commission and by those associated with him, or at least by the vice chairman, was contradicted by outstanding industrialists and economists, who took the position that the depreciation of currencies in European and Asiatic countries had been very destructive to the industries of the United States, and had prevented those industries from operating, or at least had such an effect they could only operate when they had sealed and signed orders properly underwritten to insure that they would be accepted and paid for, thus preventing our industries, in a general way, from accumulating a surplus which ordinarily they would have on their shelves, thereby giving work almost constantly throughout the year to a great number of workmen who would otherwise be out of employment.

Mr. COSTIGAN. If I am not mistaken, both representatives of the United States Tariff Commission expressed the opinion at the House committee hearing that there is no necessity for the type of amendment offered by the Senator from West Virginia.

Mr. HATFIELD. I have the conviction that that is the attitude expressed by those gentlemen. I think the Senator is correct in arriving at that conclusion.

Mr. COSTIGAN. Has the able Senator from West Virginia examined since last evening certain statistics with respect to imports from gold-standard countries and from those countries which have gone off the gold standard?

Mr. HATFIELD. I have made a brief summary which I shall be glad to quote to the Senator. The point was made by the distinguished Senator from Colorado that there are relatively the same exports and imports now that there were before the abandonment of the gold standard. That is the point the Senator makes, is it not?

Mr. COSTIGAN. I had not intended to make that point. I really planned to ask the Senator whether he has considered the relation between imports from gold-standard countries and imports from those countries which have gone off the gold standard.

Mr. HATFIELD. I have made a study of imports for the first 10 months of 1931 and compared them with the imports of the first 10 months of 1932 for 20 different countries whose currencies have depreciated 5 percent or more; and I find the following results:

For these 20 countries the actual value of the imports from January to October 1931 amounted to \$947,874,000, and for the same period in 1932 the actual value was \$582,347,000. However, since the currencies of these countries had depreciated 38.6 percent, I have made an adjustment of the total value of the imports for 1932 to show the value if these countries had maintained their currencies at par; therefore I have raised the value of the imports for 10 months of 1932 to \$836,422,000 in order to compare them on the same basis of their standard currency with the 10 months of 1931. If this comparison is made, it will show that those 20 countries that have depreciated their currency more than 5 percent suffered a loss of exportations to the United States of 11.8 percent.

If the imports for the first 10 months of 1931 are compared with the same period in 1932 for 16 countries whose currencies have depreciated less than 5 percent and the same adjustment is made for the slight depreciation of currency of the 16 countries, we find their imports into the United States decreased 39 percent. It is thus self-evident that while the countries on and off the gold standard have suffered a reduction in their imports into the United States, it is nevertheless evident that the reduction has been only 11 percent for those countries off the gold standard, but the reduction has amounted to 39 percent for those remaining on the gold standard. In other words, the gold-standard nations have suffered more than those nations which went off the gold standard and are now operating under currency depreciation.

This conclusion has been reached by a comparison of the value of imports for the first 10 months of 1931 and 1932; but if the volume of the imports for a like period was compared, it would show that in practically all cases where a country has abandoned the gold standard the volume of their exports to the United States has increased. By either method of comparison the advantage remains with the countries which have depreciated their currency more than 5 percent, and that, too, to the detriment of the worker in those lands paid in cheap money, as well as to the disadvantage of the American wage earner who lost a large opportunity for steady employment.

As an illustration of the advantage even foreign nations which have remained on the gold standard have gained in the American market owing to the depreciation of currencies of other nations, I may cite the case of Holland, who with her gold money buys iron ore in Spain, a country operating under a depreciated currency, then smelts the ore in Holland, and sells the pig iron in the American market cheaper than our cost of production.

Mr. COSTIGAN. Mr. President, may I say to the Senator from West Virginia that while in the aggregate the data may appear mildly to support the conclusion that there has been at times relatively less loss in United States imports from countries off the gold standard, yet the figures are for the most part unimportant and inconclusive, and on careful examination of imports from particular countries it will be found that such a conclusion is not without important ex-

ceptions. For example, I have here a tabulation of imports in the first 9 months of the years referred to by the Senator, 1931 and 1932.

The table discloses that Brazil, a country off the gold standard, suffered in the later period a decline in exports of about 30 percent. In other words, Brazil's exports to the United States were in the later period about 70 percent of those of the corresponding 9 months of the preceding year.

On the other hand, certain countries, which were still on the gold standard, suffered a decline in the later period in excess of that. Taking Switzerland and Estonia—as shown by the table—imports from Switzerland in the later period declined to 63 percent and those from Estonia to 58 percent of the respective earlier records.

The data as to the weights of cargoes shipped from certain foreign countries to the United States in the same respective periods indicate that in the gold-standard countries—Italy, Germany, Netherlands, and Belgium—there were better export showings made than for Australia, India, Japan, and Brazil, respectively, which were off the gold standard.

These data are brought to the attention of the Senator from West Virginia for his comment and in support of the conclusions expressed by the representatives of the United States Tariff Commission who appeared before the subcommittee of the House of Representatives.

May I, before I close, also ask the Senator if he has considered the effect of the recent depreciation of our own currency upon the amendment which he now offers to the Senate?

Mr. HATFIELD. Mr. President, in response to the Senator from Colorado, first I may remind him or call his attention to the fact that the point he has made deals with individual cases and not with the proposition as a whole, in that the volume in many instances has gone up while the price has gone down. Also, I wish to remind the distinguished Senator that while the price of coffee has been reduced one would be impressed with the fact that less coffee is coming into this country, if we base it on the price; but when we measure it from the quantity point of view it has increased.

Regarding the second question as to what effect the depreciation of our currency would have upon my amendment, I desire to state that, of course, my amendment would be unnecessary, if we were to depreciate our currency 60 percent or more in order to meet the low levels of foreign currencies; but such a course would place American labor on the low-level wage of the European and Asiatic, which condition I fervently hope will never be experienced by the wage earners of this land.

Mr. HALE. Mr. President—

The VICE PRESIDENT. Does the Senator from West Virginia yield to the Senator from Maine?

Mr. HATFIELD. Certainly.

Mr. HALE. The Senator from Colorado [Mr. COSTIGAN] and the Senator from Utah [Mr. KING] have raised objections to the Senator's amendment on the ground that imports have not increased from countries whose currencies have depreciated. Is it not true that this is not the absolute controlling factor in the matter, and that when a certain amount of products come into this country from a country whose currency has depreciated and those products can be sold at a lower price than the market price in this country, it evidently brings down the market price of our own goods in this country?

Mr. HATFIELD. To the point of extermination.

Mr. HALE. To the point of extermination; and, although they have not sent over a great many imports, yet they have broken our prices.

Now I should like to ask the Senator another question. Is it not also true that the countries of the world that have depreciated their currencies expect material advantages from this Congress in changes that they expect will be made



in our tariff laws, and it would be no part of their policy to dump as many goods as they could into this country before we have made those changes, and thus rouse a feeling against lowering the tariff? Is not that a fact to be considered?

Mr. HATFIELD. There is no question whatever about that, Mr. President.

In final response to the interrogation of the distinguished Senator from Colorado dealing with the subject of depreciation of our own currency, Mr. President, I have had a good many heartaches to think that it is necessary for America to resort to the cheapening of our dollar to meet the situation in world trade. In fact, I am not convinced that that is necessary. If we measure the amount of gold that we have in the control of the Treasury and the Federal Reserve System today as compared with the amount of gold that we controlled in the period from 1912 to 1920—and the conditions then were almost as distressing, especially in Europe, as they are at the present time—our gold reserve in that period as compared with this period could be multiplied by three. So what I have been interested in doing was to give the President, through the Tariff Commission, power to deal with the subject of our imports, and deal with it in such a way that he would have more influence, more power in making suggestions to the stable-minded representatives of industry in America when they proved to the Tariff Commission that they were entitled to additional protection.

If they could receive or be assured of that protection, as has been repeatedly stated to me by men representing the rubber-specialty industry, the great steel industry, the great pottery and china industry, the pulp and paper industry, the canning industry, and many other industries that it is not necessary for me to mention, but of record here in Congress, I am impressed with the conviction that we can solve our economic difficulties better by remaining on a basis of stable, sound money than we can by embarking upon the sea of inflation without a compass and without any assurance of returning to financial stability, if we are to go to war for a larger world market than we have heretofore enjoyed, which is only one tenth in the peak of our world trade of the entire amount of our domestic commerce.

Mr. COSTIGAN. Mr. President, I shall speak but briefly on the pending amendment. The subject is one which previously, during the past year, was drawn to the attention of the Senate. It has also received consideration from the Tariff Commission, not only recently but also in earlier years. An investigation of the subject was made in the days of the unparalleled depreciation of the German mark.

If there was ever an hour in which depreciated foreign currencies might have endangered American prosperity through excessive imports—assuming for immediate purposes some soundness in the contention of the Senator from West Virginia—it was when the value of the depreciated currency of Germany was sinking lower and lower until it became approximately zero.

Mr. HATFIELD. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Colorado yield to the Senator from West Virginia?

Mr. COSTIGAN. With pleasure.

Mr. HATFIELD. Has the Senator the imports from Germany for the years beginning with 1919?

Mr. COSTIGAN. I have not the figures before me but am generally familiar with them.

Mr. HATFIELD. May I give them to the Senator?

Mr. COSTIGAN. I shall be glad to have the Senator present them.

Mr. HATFIELD. In 1919 the imports from Germany were \$10,608,000.

In 1920 they had increased to \$88,836,000.

In 1921 they had decreased to \$80,280,000.

Mr. COSTIGAN. In what year did the decrease occur?

Mr. HATFIELD. Nineteen hundred and twenty-one—just a small decrease; about \$8,600,000.

Mr. COSTIGAN. That, however, was a period in which the German mark was rapidly falling in value.

Mr. HATFIELD. That is right.

Then, in 1922, the imports increased to \$117,498,000.

In 1923 they were \$161,193,000.

In 1924 they were \$139,258,000.

From the figures given above it will be noted that in the year 1923, when the German mark had reached its greatest depreciation, German exports to the United States reached their greatest height. And just as soon as Germany stabilized her mark in the latter half of 1923 and in 1924, the German exports to the United States immediately decreased. If the German exports to this country for the years 1921 and 1923 are compared we note an increase of 100 percent during the very time when the mark was sinking most rapidly, and when one could buy a million marks for a few cents in American currency.

Mr. COSTIGAN. The Senator from West Virginia has referred to certain exports from Germany. It is assumed that in presenting those data he concludes that German exports are attributable solely to depreciated currency.

Mr. HATFIELD. No, Mr. President; I do not arrive at that conclusion.

Mr. COSTIGAN. I shall be glad to have the Senator's explanation of the reason for substantial exports from Germany to the United States.

Mr. HATFIELD. They were trying to recover from the destructive effects of the war, limited as they had been because of their defeat, deprived as they had been of their colonial possessions and a part of their territorial integrity on the Continent of Europe. They were striving to get back to the economic condition which existed before the war, when they traded with us to an extent far beyond any imports that they sent to this country during the period I have just enumerated. They had lost their merchant marine. They had lost their economic stability. They were almost in a state of subjection.

That was the condition of the German people. It is, I may say to the distinguished Senator, the condition of the German people at this time. It will continue to be the condition of the German people, in my candid judgment, as long as the Treaty of Versailles is in effect; and I want to make this one observation:

The situation which confronts the world today is largely the result of the inequities which were brought about at Versailles, and subsequent treaties flowing therefrom, in the dislocation and dismemberment of two of the greatest nations on the European Continent. As long as that injustice is permitted to remain, in my judgment, just so long will we suffer more in the way of an economic condition which is unsolvable; just so long will Europe, England, and Asia suffer from the economic dislocation brought about by this inequitable distribution of territorial possessions, in which America shares in this grief and loss.

Mr. COSTIGAN. Mr. President, I submit that the Senator from West Virginia is now in retreat. His amendment does not purport to provide against the consequences of the Versailles Treaty. No one here doubts that other factors than depreciated exchanges have resulted in the unimportant showing of the ebb and flow of international commerce he has made today. The balance of trade, the changing debt situation, the obligations of one country and its citizens to another country and its citizens, the numerous elements that make up the competitive strength or weakness of industries in various countries, are all involved in the figures the Senator has given.

Mr. HATFIELD. Mr. President, will the Senator yield?

Mr. COSTIGAN. I yield to the Senator from West Virginia.

Mr. HATFIELD. Referring to the points that the distinguished Senator makes, the element of purchasing power, of course, enters materially into the proposition; but that is aside from the view that I take of this question. My view is this:

In 1917 we undertook to stabilize Europe by entering into the war. We understood that when we helped the Allies to win we would have a greater democracy in the world than we had at that time; but when, by retrospection, we review the history and the geography of Europe, we find that we have less democracy today than at any period in modern times.

That is the picture today; and I will say, for the information of the distinguished Senator from Colorado, that my amendment, my thought, my conviction, is that our experience from 1917 to the close of the World War, our mingling and meshing with the affairs of Europe, ought at least to teach us the lesson that we should stay at home, and that we should build our own affairs, and build them in such a way that we could be more or less independent of Europe and of Asia at least until they become stabilized in the conduct of their own internal affairs, until they are willing at least to give to us the same consideration that we gave to our allies by whose side we fought and whom we saved from humiliation and defeat. They needed our support; we gave it and financed them, without which assistance they would have been, no doubt, defeated by the Central Powers. We remember their appeal to us: "We are fighting with our backs to the wall."

Mr. COSTIGAN. Mr. President, the Senator from West Virginia has already sufficiently answered his own argument. It is manifest from the statistics assembled by competent experts that the business of the United States is not at this hour in danger of inundation in the form of imports from abroad. Indeed, our experience in 1921 and the succeeding years ought to afford a satisfactory answer to immediate fears. In those years, as a result of extremely careful consideration of the problem, following an investigation of the subject by the Tariff Commission, the Congress, acting under Republican leadership, undertook nothing so radical as the amendment now offered by the Senator from West Virginia. The solution, tendered in those days by the leaders of the party to which the Senator from West Virginia adheres, was the flexible tariff. The then Secretary of Commerce, Mr. Hoover, later President; the then Senator from Utah, Mr. Smoot; and members of the Tariff Commission met President Harding late in 1921 to consider the similar problems then presented by depreciated currencies. In some respects that time was more dramatic than the present, and then, as now, fancies often reluctantly yielded to facts.

The final conclusion of Republican leaders in those days was that the flexible-tariff provisions would be adequate to deal with the assumed emergency. As a result, as part of the Tariff Act of 1922, the flexible-tariff provisions we still retain substantially unchanged were adopted, the threatened dumping did not develop, and from then on, through years of unsettled economic and financial difficulties abroad, the country proceeded on its way unhampered by unwarranted apprehensions.

Today, in another period of depression and depreciated currencies, the Senator from West Virginia asks us to take, without any showing of present necessity, an unprecedented and, on the whole, an indefensible course, namely, to add to the higher and higher tariff barriers already strangling world commerce and prosperity and embittering international relations.

Expert judgment now points in the other direction. If an emergency existed, as pictured by the Senator from West Virginia, Senators on both sides of this Chamber would rally to the support of some remedial legislation; but there is nothing in the record of the years since the World War which supports such present action.

I shall content myself at this time by calling attention to some data which ought perhaps to be incorporated in the RECORD.

In January of this year I had certain statistics assembled, apparently somewhat similar to those offered the Senate by the Senator from West Virginia. They relate, however,

to the first 9 months of the years 1931 and 1932; not the first 10 months summarized by the Senator from West Virginia.

I ask that these figures, with brief textual comment on them, be incorporated with my remarks.

The PRESIDING OFFICER (Mr. TYDINGS in the chair). Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

#### EFFECT OF DEPRECIATED CURRENCY UPON VOLUME OF TRADE

The following table gives the quantity of exports of a number of countries for a period before they abandoned the gold standard and after they abandoned the gold standard. The percentage of exports of the later period to the exports of the former period is also given. The same data are also shown for several countries that remained on the gold standard. It is noteworthy that the period was one, on the whole, of diminishing, not expanding, exports.

#### Exports of specified countries in 1,000 metric tons<sup>1</sup>

Country	First 9 months of—		Percent 1932 of 1931
	1931	1932	
Countries on a gold standard:			
Germany.....	38,704	20,685	77
Belgium.....	19,120	14,156	74
Estonia.....	324	187	58
France.....	22,938	17,324	75
Italy.....	3,227	2,678	83
Netherlands.....	12,800	10,238	80
Switzerland.....	519	325	63
Countries off gold standard in 1932:			
Argentina.....	13,933	12,988	93
Brazil.....	1,670	1,173	70
Finland.....	2,981	2,993	100
Japan.....	4,283	4,071	95
New Zealand.....	653	756	116
Peru.....	1,255	1,154	92
United Kingdom.....			96

<sup>1</sup> Data from League of Nations, Monthly Bulletin of Statistics.

<sup>2</sup> The British Board of Trade Journal of Oct. 27, 1932, p. 593, compares the exports of domestic merchandise of 1932 and 1931. Based on 1930=100 the index of quantity of goods exported was as follows:

	1931	1932	Percent 1932 of 1931
January-March.....	77.7	76.9	99
April-June.....	74.0	78.7	106
July-September.....	74.4	71.9	96

The next table shows the weight of cargoes shipped to the United States from several countries, part of which remained on the gold standard and part of which have abandoned the gold standard. A period of time when the countries were on a gold standard is compared with a period during which some of them were off the gold standard. The percentage that the shipments of the later period were of the shipments of the former period is given.

The figures show a tendency toward some relative advantage of the countries off the gold standard, but the advantage is not without exceptions. For example, the gold-standard countries—Italy, Germany, Netherlands, and Belgium—made a better showing than Australia, India, Japan, or Brazil.

Germany's shipments to the United States held up as well as those of Argentina, and those from Belgium and the Netherlands held up better than those from Argentina.

The increase in shipments from Finland, Norway, and Sweden is explained in part by the relative improvement of the position of those countries in the production of wood pulp.

Cargo received in the United States, first half of 1931 and 1932, from countries off the gold standard in 1932<sup>1</sup>

[In tons of 2,240 pounds]

Country from which shipped	First 6 months		Percent 1932 of 1931
	1931	1932	
Venezuela.....	1,778,894	2,025,915	114
Brazil.....	421,227	334,391	79

<sup>1</sup> Basic data from United States Shipping Board, Bureau of Research, Imports and Exports of Commodities (issued periodically).

<sup>2</sup> The foreign exchange of Brazil had declined in the first 6 months of 1931 from 11 cents in 1930 to an average of 7.8 cents. Its average value was 6.6 cents in the first 6 months of 1932.



Cargo received in the United States, first half of 1931 and 1932,  
from countries off the gold standard in 1932—Continued  
[In tons of 2,240 pounds]

Country from which shipped	First 6 months		Percent 1932 of 1931
	1931	1932	
Argentina.....	296,159	233,086	*88
Mexico.....	836,607	1,237,337	148
United Kingdom.....	472,608	476,449	101
Finland.....	88,085	101,533	115
Norway.....	117,236	144,923	124
Sweden.....	284,187	285,287	100
New Zealand.....	40,608	7,695	19
Australia.....	34,927	23,521	76
British India.....	306,672	220,620	72
Japan.....	173,723	135,694	78

\* Argentina and Mexico were off the gold standard early in 1931 but there was a further decline in 1932.

Cargo received, first half of 1931 and 1932, from countries remain-  
ing on the gold standard  
[In tons of 2,240 pounds]

Country from which shipped	First 6 months		Percent 1932 of 1931
	1931	1932	
Germany.....	476,473	415,234	87
Netherlands.....	282,331	257,349	102
Belgium.....	308,095	285,160	92
France.....	116,140	71,685	62
Italy.....	135,914	108,795	80

Cargo exported from the United States in the first 6 months of 1931 amounted to 18,644,794 long tons, compared with exports for the first 6 months of 1932 of 15,515,589 long tons, a decrease of 14 percent.<sup>1</sup>

Mr. COSTIGAN. The Senate will also recall that the Tariff Commission in 1932 issued a rather elaborate report on depreciated exchange. Generally speaking, the results indicated in that report were inconclusive and not alarming.

An editorial of the New York Tribune apparently fairly summarizes that report and refers to other experiences. The editorial was printed on January 14, 1933, and I request that, in part, it may be incorporated in my remarks.

The PRESIDING OFFICER. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

[From the New York Tribune, Jan. 14, 1933]

#### DEBTS AND STERLING EXCHANGE

\* \* \* So far as actual trade figures go, it is still difficult to find the evidence of that large-scale "exchange dumping" which is supposed to give nongold countries so great an advantage in foreign trade against those remaining on the gold standard.

It will be remembered that when the Tariff Commission investigated the question of "exchange dumping" for Congress last spring its results were mainly negative. Great Britain and the "sterling group" had gone off gold in September 1931 and Japan in December. The Tariff Commission had the trade returns through the month of April; generally speaking, they failed to show that up to that time our imports from nongold countries were decreasing any less rapidly than those from the gold countries, or that our exports to the nongold countries were decreasing any more rapidly than those to the gold countries. The Commission felt that the late figures might indicate that depreciation was checking our exports, but there was no conclusive proof.

There have now been published the complete British trade statistics for 1932. They show that during the year the British have been able to check the decline in their exports without checking the decline in imports. Before assuming, however, that this proves the influence of exchange depreciation, one should glance at the American statistics. In our case, also, imports continued to decline during 1932, while exports declined less rapidly than in the preceding period. As between the depreciated pound and the undepreciated dollar there was no striking difference. It is true that the check in the decline of British exports seems a little more marked than the corresponding movement of American exports, but many other factors besides exchange depreciation may have assisted in that result.

The effect of currency instability upon all trade is quite another matter. It is unquestionably harmful. The uncertainty,

<sup>1</sup> United States Shipping Board, op. cit.

dislocations, and countervailing restrictions flowing from exchange depreciation can do widespread damage. Moreover, the depreciation may injure specific activities with serious results, even though the injury does not appear in general statistics. There is every reason for hoping that Great Britain will return to the gold standard at the earliest possible moment. But her own gains therefrom might well be as great as any other country's.

Mr. COSTIGAN. Mr. President, I ask that portions of an article of the United States Daily of January 19, 1933, be likewise included. The article directs attention to the definite, well-recognized recession in world commerce, and gives comments of the then Secretary of Commerce on the relation of that recession to depreciated currencies. I submit that the official views there presented justify the position which I trust the Senate will affirm—that there is no present persuasive reason for supporting the amendment of the Senator from West Virginia.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Colorado?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

VALUE OF TRADE ABROAD RECEDES TO 1905 LEVELS—EXPORTS SHOWED DECLINE OF ONE THIRD LAST YEAR, SAYS DEPARTMENT OF COMMERCE IN PRELIMINARY ANALYSIS—DROP OF \$767,000,000 RECORDED FOR IMPORTS—EFFECT OF FOREIGN COMPETITION ON DOMESTIC INDUSTRIES DUE TO CURRENCY DEPRECIATION DISCUSSED BY MR. CHAPIN

The foreign trade of the United States totaled approximately \$3,000,000,000 in 1932, the lowest dollar valuation since 1905, according to preliminary figures for 1932 issued January 18 by the Department of Commerce. The total of exports was \$1,617,877,000.

Exports during 1932 were \$806,412,000 less than in 1931, and imports were \$767,900,000 less, according to the Department. In spite of this large decrease in value of both exports and imports, it is incorrect to form the opinion that the foreign business of the United States has now reached negligible proportions, Secretary of Commerce Roy D. Chapin said in a prepared statement commenting on the trade figures.

#### DEPRECIATED CURRENCY

Mr. Chapin stated orally also in commenting on the import figures for 1932 that thus far only certain industries appear to be in danger of losing certain of their domestic markets to foreign competitors because of conditions of depreciated currency. "We will find out this year," said Mr. Chapin, "whether the lines along which the Tariff Commission operates will take care of extreme cases of foreign competition with domestic producers."

Exports fell from \$139,382,000 in November to \$136,000,000 in December, according to the Department. Imports decreased from \$104,466,000 in November to \$97,000,000.

#### COMMERCE IN GOLD

Exports of gold for 1932 were \$809,528,000, as compared with \$466,794,000 in 1931, according to the Department's figures. Imports of gold were \$364,315,000 during 1932, as compared with \$612,119,000 worth of gold imported in 1931.

Exports of silver for 1932 were \$13,850,000, as compared with exports in 1931 of \$26,485,000, according to the Department. Imports of silver decreased from \$28,664,000 in 1931 to \$19,650,000 in 1932.

The statement issued by Secretary Chapin concerning the foreign trade of the United States for 1932 follows in full text:

#### SIGNIFICANCE OF TRADE

"Our monthly statement for December shows the values of our imports and exports for December and for the calendar year 1932. These figures seem worthy of special comment.

"There is a generally mistaken impression about the significance of our commercial relations with foreign countries because of the steady decline in foreign trade due to the world-wide depression. For this reason I have gathered a few facts and figures which I believe to be of considerable importance at this time in analyzing our foreign trade for the year from the standpoint of what it means to the average citizen at its present very low level.

"At a figure approximating \$3,000,000,000, the total foreign trade of the United States during 1932 records the lowest dollar valuation since 1905. The figures covering exports only, namely \$1,617,877,000, are also the lowest on record since 1905.

"Statistical evidence of this kind emphasizing greatly diminished foreign shipments, unless balanced by other factors, is likely to create distorted opinion and to add to the impression which seems to be prevalent in some circles that our foreign business has now reached the point of negligible consequence.

"One of the most important things we need in the United States today is more jobs for more people, and above all else we need to keep the jobs we now have.

#### PRESENT VOLUME OF TRADE OF CONSIDERABLE IMPORTANCE

"Exports of \$1,617,877,000 may appear small compared with the figures of 1928 and 1929, but after all something over \$1,500,000,000

worth of business, particularly during these times, is not to be ignored.

"Let us see what this means in actual jobs for our people.

"According to conservative estimates our exports in 1932 provided at least 2,000,000 American workers with employment, out of a total of approximately 18,000,000 persons at work last year producing goods capable of being exported.

"In addition there were about 1,250,000 persons engaged in activities supplying the daily needs of those directly employed.

"The two foregoing estimates do not include the number engaged in the clerical and mercantile phases of the export business proper in warehousing, ocean shipping, banking, insurance, and related industries.

"Reviewing the export status during 1932 of a few prominent industries, it is rather surprising to note that the proportion of our total lumber production which was exported last year is the highest since records were first compiled in 1869. Last year the lumber industry exported approximately 1,300,000,000 board feet.

#### LARGE SHIPMENTS ABROAD OF MOTOR OILS

"Despite the severe curtailment of purchasing power abroad our automobile industry exported about \$80,000,000 worth of cars and parts last year, or about 11½ percent of its total output.

"Over 50 percent of our entire cotton crop was exported last year, representing about 9,000,000 bales.

"We also exported during 1932, 27 percent of our leaf tobacco, and about 9 percent of our apples. We sold to foreign countries 15 percent of our wheat crop, 24 percent of our lard production, and about 7½ percent of our salmon pack.

"Exports of motor fuel accounted for 9 percent of production and exports of lubricating oils 30 percent of production.

"As recently as last summer, export for machine tools represented 58 percent of the total orders on hand.

#### DISTRIBUTION OF BENEFITS OF FOREIGN COMMERCE

"The records of the Department show that every State in the Union contributed substantially to the foreign trade total of the Nation, and that export business means jobs to practically every community in this country.

"A review of the foreign trade of the United States with that of other leading countries indicates that the foreign business of all nations has fared much the same. Comparing the first 9 months of 1932 with the corresponding period of 1931, total exports from the United Kingdom declined 33 percent; exports from Germany, 39 percent; France, 38 percent; Denmark, 39 percent; Sweden, 42 percent; Japan, 35 percent; Canada, 30 percent; Netherlands, 39 percent; Italy, 35 percent. Between the two periods, the value of United States exports fell off 36 percent.

#### PROSPERITY TIED UP WITH VOLUME OF EXPORTS

"If we can ship more goods abroad, it means much to American employment and prosperity.

"In spite of curtailed appropriations, the American business man still has at his disposal the best equipped and most effective foreign trade promotion service in the world.

"The policies that our Government adopts should take into consideration proper protection of home markets, and, at the same time, a consideration of the vital importance to us of our exports which mean so much in employment and well-being for our workers.

"Total values (in thousands of dollars) of exports and imports of the United States (preliminary figures for 1932 corrected to January 17, 1933)":

	December		12 months		Increase (+) or decrease (-)
	1932	1931	1932	1931	
Merchandise:					
Exports.....	\$136,000	\$184,070	\$1,617,877	\$2,424,289	-\$806,412
Imports.....	97,000	133,773	1,322,665	2,030,635	-707,970
Excess of exports.....	39,000	50,297	295,212	393,654	
Gold:					
Exports.....	13	32,651	800,528	468,794	+331,734
Imports.....	101,872	89,509	364,315	612,119	-247,804
Excess of exports.....			436,213	-143,325	
Excess of imports.....	101,859	56,858			
Silver:					
Exports.....	1,260	2,168	13,850	26,485	-12,635
Imports.....	1,203	3,215	19,650	28,664	-9,014
Excess of exports.....	57				
Excess of imports.....		1,047	5,800	2,179	

Mr. HATFIELD. Mr. President, the argument presented by the able Senator from Colorado [Mr. COSTIGAN], of course, is that of one who is convinced that the United States should operate upon a low-tariff basis, upon a tariff for revenue, if you please. I would welcome the day when we could, with

justice to American labor, with justice to American industry, operate upon that kind of a basis, but that is not possible until Europe and Asia are willing to bring the standard of living, the standard of wage, and the standard of opportunity up to a parity and maintain them there with the ever-increasing standards of the wage earners in America.

In the world, as constituted today, there are now four great self-sufficing economic areas. One of these is the 3,000,000 square miles comprising the Republic of the United States of America, to us the fairest land on earth; the second is that vast domain stretching across the roof of the world from the Atlantic to the Pacific, the 8,000,000 square miles occupied by the Union of Soviet Socialist Republics; the third is the great British Empire, occupying 13,000,000 square miles, or one fourth of the habitable area of the whole terrestrial globe; the fourth great trade area, and by far the greatest in civilized population, is continental Europe.

With the single exception of Europe, each one of these huge self-sufficing economic and political areas now is dedicated to the policy of free trade within and tariff protection from without.

What an object lesson was the recent imperial trade conference in Ottawa, when the duly designated delegates of the British Commonwealth of Nations scuttled their historic policy and embraced "imperial preference", which is but another name for free trade within and protection from without.

Upon what does the great Empire of Soviet Russia, groping her way to industrial freedom, stake her destiny? Free trade within and protection from without.

What single thing was it which enabled our own great Nation to rise in the short space of 150 years to a position of industrial supremacy that has amazed the world? That wise provision, placed by our forefathers in the very bedrock of the Constitution, namely, that there shall be no tariffs between the States.

One is naturally reluctant to advance or approve a step which essentially must spring from the initiative of governments other than his own.

But the light of these illustrious and time-tried examples I make bold to suggest to the harried statesmen of continental Europe that they do now adopt and take up as their own the selfsame principle that has made us great, the selfsame principle to which the British Empire now turns in her hour of need, the selfsame principle to which Russia intrusts her future, namely, free trade within and protection, where needful, from without.

Let us see the picture whole. The organization and the establishment of a continental tariff union in no wise need impair the sovereignty of a single member. When the Thirteen Original Colonies of this Nation, under the pressure of dire necessity, sought to federate, they were a group of thoroughly independent little sovereigns—with a background of conflicting social, political, religious, and economic ambitions that they had brought over here from Europe.

Napoleon undertook to make it possible for the Continent of Europe to be controlled under one flag, with one coin running the length and breadth of that great Continent, but he failed upon the field at Waterloo and passed into history. From that time down to the present we have a conglomeration of little nations—before the World War numbering 18, now some 30—with tariff walls surrounding them, so that none can exist with a feeling of contentment, but there is wrangling almost every day at their back and front doors. We wonder why this conglomeration of humanity, numbering something over 400,000,000 people, cannot see the error of their way and commit themselves to the principles of free trade within and protection from without.

The greatest trade center of the world today is the United States of America, because of free trade within the 48 States and ample protection from without, when we do not have depreciated currency in other nations to contend with. If the same condition could be brought about



on the Continent of Europe with their 400,000,000 people, they would even outstrip in progress, in social achievement, in economic advantages the United States of America because of their population.

Mr. President, I present this amendment, not because I believe in an embargo, but due to the fact that there exist in Europe turmoil and distress, and any understanding or tariff agreement we may enter upon with her she will not accept until she has the advantage. A "reciprocal" tariff means the barter and exchange of goods with foreign nations on a basis of reciprocity. It means the surrender of our economic sovereignty. It means giving to other nations the right to say what we shall buy and sell. It could well mean prosperity in one section and destruction in another. For that reason I find myself in harmony, as I have said at least twice from this desk, with Dean Donham, of the Harvard Business School. I think that we should begin at home. I think that we should extend a helping hand to Europe, economically and otherwise, when it does not infringe on or conflict with our own best interests and the interests of the wage workers in the United States, but I believe that charity should begin at home; and I say to this body that the greatest trade center in the world, which is the envy of all the nations of the world, which is sought by all the nations of the world, is in the United States of America, and I say to this body that our average tariff rate is 16.4 percent and the depreciation of the world currency is 39 percent. That distinguished American who hailed from the Lone Star State and who graced this body many years, Senator Bailey, said he considered that when any tariff rate was lower than 20 percent, that it was a tariff for revenue only.

Mr. President, my convictions today, because of the conditions which exist in Europe, because of the conditions which exist in Asia, are that our industries whose products are on the free list are practically destroyed, and the 33 1/3 percent which receive protection are operating only 20 to 30 percent of the time. The easiest way, the quickest way, the surest way to bring relief is to give to the Tariff Commission and, through the recommendations of that Commission, to the Chief Executive of this Nation power again to bring to American industry that confidence and that protection which it does not possess today.

We can hardly find responsible industrial owners of property who will not say, on their oath, that if they had this protection, that if they had this assurance that the depreciation of cheap money would not operate against them, they could start up the mills and the mines of the United States; they could go forward and employ labor; and they could store in the empty supply houses supplies which would enable them to sell when the demand was made, instead of living from hand to mouth and manufacturing from day to day, running anywhere from 15 to 20 percent of the time.

The purpose of my amendment, as I have repeatedly said on this floor, is not to increase a single tariff rate; it is simply to lodge with the Tariff Commission the power and the privilege of protecting American labor and American industry when we take our leave and go home, where we will remain for at least 6 months unless called back by some exigency that will be tremendously important, to deal with some problem which may develop between the time of adjournment and the time of our natural and lawful return to this body.

I have said all I feel I should say. I addressed the Senate a few days ago upon this subject, and I have addressed it again, giving my convictions. They are from the heart. They stand for Americanism, they stand for the American wage earner, they stand for giving preference or protection and assurance to American industry.

Mr. President, I offer the amendment. If it is accepted I shall feel glad. If it is defeated it will not be my fault.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from West Virginia [Mr. HATFIELD].

Mr. HATFIELD. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. KING. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following

Senators answered to their names:

Adams	Dickinson	Logan	Schall
Ashurst	Dieterich	Loneragan	Sheppard
Austin	Dill	Long	Shipstead
Bachman	Duffy	McAdoo	Smith
Bailey	Erickson	McCarran	Steiwer
Barbour	Fess	McGill	Stephens
Barkley	Fletcher	McKellar	Thomas, Okla.
Black	Frazier	McNary	Thomas, Utah
Borah	George	Metcalf	Townsend
Bulow	Goldsbrough	Murphy	Trammell
Byrd	Gore	Neely	Tydings
Byrnes	Hale	Nye	Vandenberg
Capper	Harrison	Overton	Van Nuys
Carey	Hatfield	Pope	Walsh
Coolidge	Hayden	Reed	Wheeler
Costigan	Kean	Reynolds	White
Couzens	Kendrick	Robinson, Ark.	
Cuttings	Keyes	Robinson, Ind.	
Dale	King	Russell	

Mr. LEWIS. I desire to state that the Senator from Washington [Mr. BONE] is necessarily detained on official business.

The PRESIDING OFFICER. Seventy-three Senators have answered to their names. A quorum is present.

Mr. HATFIELD. Mr. President, I have received appeals from a number of industries which seek the protection which the adoption of my amendment would afford. I have a list of these industries before me and ask that it may be printed in the RECORD at this point.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

Paper; pulp; lumber; plywood; canning; packing; steel; shoe; brick; wool; rubber; rubber footwear; glass; pig iron; wire; fiber brush; zinc; portland cement; electric-light bulbs; toys; water-color paints; oil and fat producers; fish industry—tuna, salmon, sardine, halibut; agricultural and forest products; pottery; raw glass blanks; textiles; chemicals; dairy.

Mr. BORAH. Mr. President, I desire to ask the Senator from West Virginia offering this amendment a question. As I understand, the amendment has for its objective protecting industries of the United States against the advantages which are supposed to be given to foreign nations which are now operating on a cheap-currency basis. The question which presents itself to me is this: How can we remedy that situation by tariff legislation? How can we accommodate the tariff schedules to the constant change which may take place in cheap-currency countries with reference to the currency which they are using?

Mr. HATFIELD. We may do so by placing on imported commodities a surtax, representing the difference in cost of production at home and abroad. That would be the policy which is provided for under my amendment.

Mr. BORAH. Exactly; but we establish a certain tariff rate, which is supposed to be in harmony with the situation as we see it now, and a week from today or a month from today the currency basis is entirely changed and the situation is altered, so that we may be at the same disadvantage, so far as tariff rates are concerned, as we were before the rates were increased.

Mr. HATFIELD. That is very true, Mr. President, but if the able Senator from Idaho can suggest a more stable method than the one which I have suggested I shall wholeheartedly support it.

Mr. BORAH. I am in entire sympathy with what the Senator from West Virginia seeks to accomplish—that is, to protect our industries against the effect of the cheap currencies in foreign countries—but I do not see how it is possible to do that except by arranging a stabilization of the currency itself through an agreement between nations. If I could see any hope of accomplishing it through the tariff, I certainly would want to accomplish it in that way. I readily concede the advantage in trade which the cheap-currency countries have. I cannot agree with those who

insist the advantage is of little consequence. But I do not believe we can meet the situation through tariff legislation.

Mr. HATFIELD. Mr. President, in the absence of being able to bring about a stabilization of currencies, of course some other method will necessarily have to be adopted if we are to continue to exist as a nation. I agree with the able Senator that if we could bring about a stabilization of monetary systems throughout the world that would be the solution; it would be a basis upon which we could figure the cost of production at home and abroad, based upon the standard of wage paid to labor in other countries; but as we have no such basis upon which to compute the difference, then, of course, we simply delve in the field of speculation more or less trying to find a remedy to meet the symptoms of the condition instead of applying a direct remedy to cure the basic ills, and the only one that is available is the one that I have suggested, which has been adopted in principle by every other nation on and off the gold standard, our own United States standing alone receiving the onslaughts from all nations since September 1931.

Mr. REED. Mr. President, will the Senator from West Virginia permit a question?

Mr. HATFIELD. I have not the floor.

Mr. BORAH. I yield to the Senator from Pennsylvania.

Mr. REED. I should like to ask the Senator from Idaho whether it is not a fact that at the present time most of the countries competing with us have adopted just this method of protecting themselves against depreciated currencies?

Mr. BORAH. I do not know to what extent they have adopted this practice, but what I am saying is that, whether they have adopted it or not, I do not see how it is possible to work effectively in this manner to accomplish that which we desire to accomplish. A month from now the currency situation may be so changed that the tariff rates will be no more effective for our protection than they were before we increased them.

Mr. REED. I grant all that, and I agree with the Senator that the stabilization of the money of the world is the best cure for the condition which we desire to correct, but all other countries are using the method now suggested by the Senator from West Virginia. Only this week France put in effect a special tariff against us because we had gone off the gold standard.

Mr. BORAH. And only last week Great Britain increased her exchange fund about treble, the purpose of which is to enable Great Britain to beat down the pound, if necessary, and to increase the price of the dollar, if necessary, in order to take advantage of the situation which we are trying to cure by a tariff; and she could effectuate her purpose a month from now just as effectively on the basis which we would establish today as she does upon the basis which now exists.

Mr. REED. That is true; but the Senator from West Virginia is offering us a weapon to meet Great Britain, whereas we are now defenseless against such tactics.

Mr. HATFIELD. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. HATFIELD. I may say, for the information of the Senator, that of course I recognize that the amendment which I offer is only temporary, but if vigorously, enthusiastically, and patriotically used it will be tremendously effective as it has been in the hands of the European and Asiatic countries. However, I feel that we should do something that would at least give us a weapon that would put us on a parity as against the policy that has long since been adopted by countries of Europe and Asia; that we ought not to deprive American industry and the American laboring man of whatever protection this kind of legislation would give to them and which at the same time would stabilize industry and establish a confidence that is not possessed at the present time.

Mr. BORAH. Mr. President, we are within less than a month, or about a month, of the convening of the World

Economic Conference which is to deal with the subject of the stabilization of currencies and also with the subject of tariffs. It occurs to me that a very unfortunate preparation is being made for that conference. Great Britain has been completing tariff treaties just as rapidly as possible, and those tariff treaties do not seem to be subject to change by the World Economic Conference. If we proceed along the same line, Mr. President, I can see no possible result from the Economic Conference except a complete breakdown so far as the stabilization of currencies and of tariffs is concerned. In other words, up to the very hour when the Conference is called, we are doing that which makes it impossible to work out a solution of either one of these problems at the Economic Conference.

Mr. HATFIELD. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. HATFIELD. I may say to the Senator that this proposal, if adopted, will not be compulsory, but it will simply be left in the hands of the Tariff Commission, so that they may invoke it in case they find no other remedy for the condition in the absence of Congress, which will extend over a 6-month period.

Mr. BORAH. Well, Mr. President, that is another phase of the controversy which I did not intend to discuss; but the granting of power to the Tariff Commission to exercise its judgment not only with reference to world conditions but with reference to the legislation which is necessary in order to meet such conditions seems to me a delegation of power which we ought to hesitate before we give. It is true that we have been rather liberal in granting power during the last few weeks, but I myself have not accepted the doctrine that we ought to delegate our legislative power with reference to the making of tariffs. I do not want to be committed to such doctrine. I would not grant legislative power to the Tariff Commission or any other executive or administrative agency.

Mr. KEAN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from New Jersey?

Mr. BORAH. I yield.

Mr. KEAN. I should like to ask the Senator whether it is not true that Great Britain, Belgium, France, and other foreign countries have put up and are putting up their tariffs and are levying extra tariffs against America, so that when it comes to the international conference they may say, "We will sacrifice this; we will sacrifice that; and we will sacrifice the other thing", whereas in reality it will be only taking off what they have just added.

Mr. BORAH. And we are putting on something so that we may be able to say, "We will sacrifice that."

Mr. KEAN. We should like to be even with them when it comes to trading.

SEVERAL SENATORS. Vote!

The PRESIDING OFFICER. The question recurs upon the amendment offered by the Senator from West Virginia [Mr. HATFIELD], on which the yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. AUSTIN (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. GLASS], who is necessarily detained from the Senate. I therefore withhold my vote. If permitted to vote, I should vote "yea."

Mr. BULOW (when his name was called). I have a general pair with the Senator from Connecticut [Mr. WALCOTT], who is necessarily absent. In his absence I withhold my vote. If the Senator from Connecticut [Mr. WALCOTT] were present, he would vote "yea." If I were permitted to vote, I would vote "nay."

Mr. DALE (when his name was called). I have a pair with the junior Senator from California [Mr. McADOO]. Having been informed that he would vote as I shall vote, I am at liberty to vote. I vote "yea."

Mr. LOGAN (when his name was called). I have a general pair with the junior Senator from Pennsylvania [Mr.



DAVIS], who is necessarily absent. I transfer that pair to the senior Senator from Nevada [Mr. PITTMAN] and vote "nay."

Mr. PATTERSON (when his name was called). I have a general pair with the junior Senator from New York [Mr. WAGNER], who is temporarily absent from the Chamber. I am informed that if he were present he would vote "nay." If permitted to vote, I would vote "yea."

The roll call was concluded.

Mr. FESS. I was requested to announce that the Senator from Delaware [Mr. HASTINGS] is paired with the Senator from New York [Mr. COPELAND], and that the Senator from Rhode Island [Mr. HEBERT] is paired with the Senator from Illinois [Mr. LEWIS]. I am advised that if present Senators HASTINGS and HEBERT would vote "yea", and Senators COPELAND and LEWIS would vote "nay."

Mr. KENDRICK. I desire to announce that the junior Senator from Washington [Mr. BONE], the Senator from New York [Mr. WAGNER], the Senator from Nevada [Mr. PITTMAN], and the Senator from Illinois [Mr. LEWIS] are necessarily detained on official business.

The result was announced—yeas 27, nays 51, as follows:

#### YEAS—27

Barbour	Fletcher	Long	Schall
Capper	Frazier	McAdoo	Shipstead
Carey	Goldsborough	McNary	Steiwer
Dale	Hale	Metcalf	Townsend
Dickinson	Hatfield	Nye	Vandenberg
Dill	Kean	Reed	White
Fess	Keyes	Robinson, Ind.	

#### NAYS—51

Adams	Caraway	Hayden	Robinson, Ark.
Ashurst	Clark	Kendrick	Russell
Bachman	Connally	King	Sheppard
Bailey	Coolidge	Logan	Smith
Bankhead	Costigan	Louderman	Stephens
Barkley	Couzens	McCarran	Thomas, Okla.
Black	Cutting	McGill	Thomas, Utah
Borah	Dieterich	McKellar	Trammell
Bratton	Duffy	Murphy	Tydings
Brown	Erickson	Neely	Van Nuys
Bulley	George	Overton	Walsh
Byrd	Gore	Pope	Wheeler
Byrnes	Harrison	Reynolds	

#### NOT VOTING—17

Austin	Glass	Lewis	Wagner
Bone	Hastings	Norbeck	Walcott
Bulow	Hebert	Norris	
Copeland	Johnson	Patterson	
Davis	La Follette	Pittman	

So Mr. HATFIELD's amendment was rejected.

Mr. GORE. Mr. President, I gave notice on yesterday that I would offer an amendment, which I then asked to have printed and lie on the table. I now offer the amendment and ask for its adoption.

The PRESIDING OFFICER. The clerk will report the amendment for the information of the Senate.

The LEGISLATIVE CLERK. The Senator from Oklahoma proposes at the proper place in the bill to insert the following language:

That it shall be unlawful for any person to ship or transport, or to deliver to another for shipment or transportation, or to receive for shipment or transportation, by rail, pipe line, truck, or any other means of conveyance from any State, Territory, or District of the United States to any other State, Territory, or District of the United States, or to a foreign country, any crude petroleum, or to purchase or receive any shipment of crude petroleum in any State, Territory, or District of the United States from any other State, Territory, or District of the United States, with the knowledge that such crude petroleum was produced in violation of any law, or any regulation or order of any board, commission, officer, or other duly authorized agency, of the State, Territory, or District of its production.

SEC. 2. No person shall receive any crude petroleum for shipment or transportation from a State, Territory, or District in the United States in which there is a law or laws pertaining to the conservation of crude petroleum or the prevention of waste in the production thereof, to any other State, Territory, or District of the United States, unless the shipper shall furnish an affidavit to the effect that no part of such crude petroleum was produced in violation of any law or any regulation or order of any board, commission, officer, or other duly authorized agency, of the State, Territory, or District of its production. Such affidavit shall other-

wise be in such form as may be prescribed by authority of the State in which such petroleum is produced or tendered for transportation and shall be subject to inspection upon request of such State authority: *Provided, however*, That common carriers by railroad may receive from other common carriers by railroad for such transportation and may transport any crude petroleum without requiring such affidavit.

SEC. 3. Any individual who violates any of the provisions of this act, or who makes any false statement in any affidavit required by section 2 of this act, and any officer or agent of a corporation who participates in any violation of this act by such corporation, shall be fined not less than \$1,000 nor more than \$5,000, and imprisoned not less than 1 year nor more than 5 years. Any corporation which violates any of the provisions of this act shall be subject to a fine of not less than \$1,000 and not more than \$10,000. Each violation of this act shall constitute a separate offense.

Mr. GORE. Mr. President, it is my hope that the amendment may be agreed to and at least go to conference.

Mr. HARRISON. Mr. President, this is an amendment that seems to be of a great deal of importance and one around which much controversy has raged. I do not know whether it presents the united views of those interested in the matter. I know that I have given no study to the question. I really do not know much about it except as I gathered its import from hearing it read at the desk. I think the Senator from Oklahoma ought to make some explanation of the proposal. I know Senators from various States have been very much interested in it. I had been in hope that any matter of such importance might be considered by the committee. However, the committee has not given any consideration to it. I ask the Senator from Oklahoma if he will make a brief explanation of the purpose of the amendment?

Mr. GORE. Mr. President, I will submit one or two observations in regard to the purpose and object of the amendment. I do not think it in itself is controversial. It is true that a number of controversies exist in the oil fraternities, as to the best solution of their various problems, but it has been my understanding that practically all groups of the industry are agreed upon this particular proposal. They are willing to go this far, as I understand their sentiments. Some desire to go further. Some are not willing to go further. This appeared to me to be a sort of locus of points where there might be an agreement of views and possibility of action.

The amendment is substantially in the form of House bill 5010. That bill was introduced in the Congress by Representative MARLAND, of my State. Perhaps no man in Congress or out is more familiar with the oil industry and with its problems, or better fitted to aid in a solution of these difficult problems. The House Committee on Interstate Commerce had hearings on the Marland bill. I will have one sentence read from the hearings, from the statement of Mr. Russell Brown, who is secretary of the Independent Oil Producers' Association. He speaks for that group authoritatively, and it happens that other groups, according to my understanding, share his views upon this point and with reference to this proposal.

The PRESIDING OFFICER. The Clerk will read, as requested.

The Chief Clerk read as follows:

We believe the enactment of the measure before this committee is right, proper, and of vital necessity not merely to the petroleum industry, but also to the general economic well-being of the whole Nation.

Mr. GORE. Mr. President, Mr. Brown, who gave expression to those views, is the secretary of the Independent Oil Producers' Association. The bill to which he referred was the Marland bill, to which I have just made reference. I will say to the Senate that the pending amendment proposes to do one thing, and one thing only: It proposes to prohibit the shipment in interstate commerce of contraband oil, or of bootleg oil.

As everybody knows, the oil industry is distressed. Like all other industries it is in deep distress. It has been making a strenuous effort to solve its own problems and to save its own life. In order to do that, a number of the leading

oil States have enacted laws to prorate production, to restrict and control the production of crude petroleum. This amendment provides that when oil is produced in Oklahoma in violation of the laws of that State, it shall not be shipped in interstate commerce.

That is what this amendment proposes. That is all this amendment proposes. It simply reinforces the police laws of Oklahoma and of Texas and of other oil States—laws passed in an effort to conserve for the future this wasting resource, and to give the industry itself a chance to catch its breath, to revive, and to ride out this storm. It simply prohibits the interstate shipment of contraband oil—merely that and nothing more.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. MURPHY in the chair). Does the Senator from Oklahoma yield to the Senator from Utah?

Mr. GORE. Yes, sir.

Mr. KING. I have been interested during the past 2 or 3 years in noticing the very strong movements now and then originated, and carried forward with more or less success, to establish monopoly in the oil industry. A meeting was held a year or so ago at Denver, Colo., to which Mr. Hoover sent a representative, to try to effectuate an agreement among all the oil producers and, as it was called, "to stabilize prices"; but the object was, as I interpreted the meeting and interpreted the statements made regarding it, to weld the oil producers into a compact mass, to fix prices, to give them monopolistic control not only of the crude oil but of all of the commodities or products that flow from the utilization of the oil in all of its elements. Is not this amendment in harmony with that movement, and will it not tend to establish an oil monopoly in the United States?

Mr. GORE. Mr. President, I remember the meeting to which the Senator refers. I do not think this amendment would contribute to the accomplishment of the result which he describes, assuming that such was the object of that meeting. On the other hand, Mr. President, something of this kind is essential to protect the independent oil producers against the power of the oil monopoly, or what once constituted an oil monopoly, and to revive which, may be the purpose of some of the oil companies today.

The independent oil concerns which are not integrated, to use the trade phrase—that is, those who are engaged in production alone, do not own refineries and do not own pipe lines—have, as everybody knows, been in a desperate struggle for existence against the larger concerns which not only own production but own refineries, own pipe lines, and own filling stations. Anyone, even those not familiar with the industry, can see the unfair competition that would exist between companies so differently situated as I have described.

The testimony read a moment ago was from Mr. Russell Brown, the secretary of the Independent Oil Producers' Association. He expresses the view that this legislation is essential to the survival of the industry itself, and particularly, I will say, the independent branch of the industry. This amendment is intended as a sort of storm cellar to enable the independent concerns and the smaller concerns to have some sort of refuge and protection while the storm is raging, and to protect them afterward against the stronger concerns which are integrated.

Mr. KING. Mr. President, will the Senator yield further?

The PRESIDING OFFICER. Does the Senator from Oklahoma further yield to the Senator from Utah?

Mr. GORE. Yes, sir.

Mr. KING. The Senator, as I understood him, stated a moment ago that there was, or had been, an oil monopoly.

Mr. GORE. It was dissolved. I referred then to the Standard Oil Co., which was dissolved by the Supreme Court. I have often said it made me think of one of the fabulous "joint snakes", in that it seemed to have found ways and means to reunite itself, or at least to unite its power, if not its corporate existence,

Mr. KING. I will ask the Senator if it is not a fact that the independent oil operators and producers in nearly every State have associated themselves with the so-called "big interests", the Standard Oil Co. and those other large interests, and charge the same prices either for the crude product or for the finished product, if I may use that expression, as is charged by the so-called "big companies." It seems to me they have gone hand in hand, and that there has been an oil monopoly; but, of course, the big producers as well as the small producers have found a limited market in view of the depression, just as all industries have experienced a limited market in the sale of the commodities which they were producing.

Mr. GORE. Mr. President, I may say that there are two groups of independent oil concerns. One of the groups does not own refineries or pipe lines. Its members are not in the market for the purchase of crude petroleum. Therefore they do not compete either with the Standard or monopolistic group or with the other group of independents; and not owning refineries, they have no finished product to market. There are a few independent concerns which own refineries and have striven to maintain a more or less hazardous existence in competition with the old or so-called "Standard" concerns. I think the Senator is right. I think as a rule they pay the same price as the Standard for crude petroleum.

For instance, in the olden days the Prairie Oil & Gas Co. posted the price in Oklahoma, and all the other concerns, Standard and independent, as a rule followed that price. They could not obtain the crude petroleum for less than the Prairie Oil & Gas Co. was paying, and there was no reason why they should pay more if they could obtain it at that price. I think that is no reflection on the independents. They were more or less helpless in the matter of price making. They did follow the price fixed and posted by the Prairie Oil & Gas Co.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Kentucky?

Mr. GORE. Yes.

Mr. BARKLEY. This amendment proposes to deny the channels of interstate commerce to any oil produced in any State in violation of any law, regulation, or order issued by any commission, board, or officer of the State. What are some of the regulations, violation of which would deny to this oil the right to enter interstate commerce?

Mr. GORE. Mr. President, referring to the oil industry in Oklahoma, for instance, various companies own producing acreage in what is known as the "Oklahoma City oil field." Part of that field is embraced in the corporate limits of Oklahoma City. It is one of the greatest oil fields ever brought in in any State; perhaps, next to the east Texas field, the greatest. The oil concerns, themselves, in an effort to protect their lives, have acquiesced in the proration of oil in that field, in the curtailment of output, and at times the output has been as low as 1 percent of the potential production. Those rules and regulations have been sanctioned by the Oklahoma Corporation Commission.

Mr. BARKLEY. Have they been passed on by any court?

Mr. GORE. Yes, sir. The matter came to the Supreme Court of the United States in the *Champlin* case, and the Supreme Court sustained the power of the State.

Mr. BARKLEY. I have not read that case. Was it based in part upon the voluntary agreement of all those interested to abide by certain conditions; or did the case decide that without regard to the voluntary consent of anybody the State could impose those rules and regulations?

Mr. GORE. It did not turn on the question of consent, because Mr. Champlin challenged the power of the Commission to adopt and enforce such orders. The Supreme Court sustained that power. There has been what is known as "hot oil", however; there have been bootleg concerns which have violated those orders; and they have resorted to tactics which I would not even care to describe in viola-



tion of the rules and regulations, the lawless concerns producing oil, the law-abiding companies obeying the rules and regulations, and the bootleggers obtaining an unfair advantage in that respect.

When a bootlegging oil company produces oil in violation of the laws or the rules and regulations of the State, under this amendment that oil is to be treated as contraband, and is not to be received in interstate shipment.

Mr. BARKLEY. Mr. President, will the Senator yield further?

Mr. GORE. Yes.

Mr. BARKLEY. I recall that a year or so ago the Governor of Texas or some other State issued an order attempting, by executive ukase, to restrict the production of oil. I may be mistaken as to the terms, and I may be mistaken as to the State; but some governor did that. Whether he was doing it in pursuance of a law enacted by the legislature, or by virtue of his power as governor, I do not recall; but, in either case, that order by the governor affecting the production of oil in that State would operate to prevent any oil produced in violation of that order from entering into interstate commerce under this amendment?

Mr. GORE. Yes, sir; that is true, if it was a valid order. As I recall—the Senator from Texas can correct me—the orders were issued by the Railway Commission of Texas, and most of those orders issued by the Texas Railway Commission were held invalid. That is my recollection.

Mr. BARKLEY. The oil not being within itself deleterious or injurious, under what decision of the Supreme Court does the Senator contend that this amendment would be constitutional?

Mr. GORE. Mr. President, this proposal—and I go as far as the Senator in safeguarding the freedom of interstate commerce—merely prohibits the interstate shipment of outlaw oil, of contraband oil, of oil that was produced by lawless companies in violation of the laws of the State which protect those concerns.

Mr. BARKLEY. I do not quite get the force of the word "contraband" in the production of oil.

Mr. GORE. I use it in a figurative sense.

Mr. BARKLEY. It is a figurative expression, of course.

Mr. GORE. I mean oil that is produced in violation of the law of the State.

Mr. BARKLEY. This amendment also says that before anybody except a railroad company can receive a shipment of oil in interstate commerce he must be furnished by the shipper with an affidavit that it has not been produced in violation of the law.

Mr. GORE. Yes, sir.

Mr. BARKLEY. Why exempt railroad companies? Will not the effect of that be to have all oil transported on railroads?

Mr. GORE. As I recall, what the Senator has in mind is the receiving of this oil by one railroad from another railroad.

Mr. BARKLEY. No; it does not seem to be limited.

Mr. GORE. That is the way I read it; the assumption being that in the first instance the privilege of the oil to enter interstate commerce was determined before the first railroad received it.

Mr. BARKLEY. It may be delimited to receiving it from another common carrier.

Mr. GORE. That is the point, it being assumed, and I think properly, that when the first railroad received the oil, it was privileged to enter interstate commerce and go outside the State.

Mr. BARKLEY. Of course, a lot of this oil is presented to companies for shipment, not by the producer, but by somebody who has bought it from the producer. Suppose I am engaged in the purchasing of oil from oil wells, to be shipped to all parts of the country. Of course, I have no personal knowledge about who it was who produced it, or whether there was any more produced than was allowed under any State quota for any company. I would be un-

able then to put that oil on the railroad, or on any other transportation facility, without making affidavit myself that it had not been produced in violation of law.

Mr. GORE. I think that is so. I think the Senator would be put on notice to ascertain whether or not it was outlawed oil or innocent oil.

Mr. BARKLEY. Could any man, or any group of men, not actually producing it, make affidavit that it was not so produced? Could any man make affidavit merely on the information or advice of somebody else?

Mr. GORE. I think so.

Mr. BARKLEY. Would he not have to state that, so far as he knew, it had not been produced in violation of law?

Mr. GORE. It is possible that the affidavit might be made upon information and belief; but the way oil is handled, through pipe lines, I think the Senator could ascertain, because he would either buy from the pipe line, or from some company which had used the pipe line, which had been under surveillance. Of course, the law would not entirely enforce itself. A citizen would be put on notice that it was the law of the land, and would be required to exercise at least reasonable diligence in the purchase and transportation of oil.

Mr. BARKLEY. The Senator knows that I am ordinarily sympathetic with his viewpoint on a lot of things. This is a rather sudden situation injected here by this amendment. Would the Senator have any objection to having it referred to the Committee on Finance, in order that that committee might give it consideration?

Mr. GORE. My purpose was to see if it could not go to conference. It has been a subject of extensive hearings in the House, and I thought it might facilitate some sort of action or that action might otherwise be delayed. As I understand, practically every phase of the oil industry is favorable to this legislation. There is one group of independents who desire to go further than this amendment goes, who desire an embargo against the importation of foreign oil.

Mr. BARKLEY. Aside from all that, I think the broad question of the policy of the Government undertaking to deny interstate-commerce rights to a commodity because it may be produced in violation of some State law is something to which Congress ought to give very serious consideration before embarking upon it, because if we start out on that course it means that we will not stop with oil; we will have to go the whole length and deny the channels of interstate commerce to any product anywhere produced in violation of any law of any State.

Mr. GORE. Mr. President, I am inclined to think that the Federal Government is justified in reinforcing a State in the application of its police laws; and when a State says that a thing shall not be produced within its borders, of course the Government does not transcend the limits of the Constitution when it joins with the State in an effort to enforce that law. The cases which are in the Senator's mind are just the reverse. Where a State law declares an article to be innocent and permits its production, if Congress stepped in and attempted, through the exercise of the taxing power or some other power, to prohibit the interstate shipment of commodities and articles which under State law were produced entirely innocently, that would transcend the Constitution. The Supreme Court passed upon that point in the *Child Labor cases*. I sympathize entirely with the Senator's view in that matter, and I share his disposition to exercise great care in intermeddling with interstate commerce. So far as I am concerned, it is only the outlaw that I would forbid; an outlaw under the laws of a State.

Mr. BARKLEY. I appreciate the Senator's situation. This is a terrifically important problem. It involves a question of constitutional law; it involves a question of policy, which Congress has once or twice attempted to embark upon, but which the Supreme Court denied it the power to do.

Mr. GORE. I think it was the reverse.

Mr. BARKLEY. It seems to me the question is too important to justify us in adopting this amendment on the floor, without the consideration of a committee. I was wondering whether the Senator would not be willing to withdraw his amendment and let the Finance Committee take it up, or let the Committee on Interstate Commerce take it up, and give it the consideration to which it is entitled.

Mr. GORE. As the Senator knows, the pending bill extends the 1-cent Federal tax on gasoline. It levies a tribute upon the oil industry of about \$165,000,000. I think the tax is unequal; therefore unjust. It seemed to me that if the industry was to be obliged to bear that burden, it was not unfair that it should receive some consideration and some benefits under this measure. It was to secure such advantages to the industry that I offered the amendment. Since it was a matter of unanimous agreement, substantially, among the oil people, I did not suppose there would be any serious objection to it.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. HARRISON. I may say that the purposes of the amendment appeal to me. I have thought for a very long time that the oil people ought to get together upon some kind of fair arrangement. One of the troubles with the oil business is that the producers are not willing or are not able to agree. I had thought, when the Senator first approached me on this matter, that the industry was in complete agreement on it. But I am advised that this amendment will precipitate quite a discussion, that at least one other Senator will offer an amendment to it, to broaden the scope of it. I think it is a very good policy in the Senate that these matters should be considered, especially where they are controversial, first by a committee; but in view of the fact that a Senator is ready to offer another amendment, and to talk on the matter, and oppose the adoption of this amendment unless it is broadened, I had hoped that the Senator would let the amendment go to the Committee on Interstate Commerce for consideration.

Mr. GORE. Mr. President, we have all heard of the petitioner who asked for an egg and got a scorpion. I think the oil industry may find itself in that situation if it does not accept what is proposed in this amendment. I shall merely allow the matter to go to a viva-voce vote, and not insist upon a yea-and-nay vote. I have done my duty.

Mr. McADOO. Mr. President, may I say just a word to the Senator from Oklahoma? California, as all know, is deeply interested in the oil question. It is one of the great oil-producing States of the Union. I may say that there is a wide difference of opinion among those interested in the oil industry in California about this measure. I hope sincerely that the Senator will not press the amendment, because I think it ought to go to a committee and be thoroughly considered.

I wanted to say that much, in view of the thought expressed by the Senator from Oklahoma that all the oil people are willing to accept the amendment. They are not, so far as a large part of the California industry is concerned.

Mr. GORE. Mr. President, as I stated before, it was my understanding that they were. I talked to Mr. Marland yesterday, and he said this was one thing on which all the oil people agreed. Of course, the Senator from California proves that he was in error. There are those who desire to go further than this amendment would. One independent group desires an embargo, and perhaps some are unwilling to go this far unless an embargo can be attached. I count that out of the realm of possibility at this time. There is another group who desire a dictatorship, and are insisting upon it. That is probably what will come in the place of what I propose.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oklahoma [Mr. GORE].

The amendment was rejected.

Mr. DICKINSON. Mr. President, I offer an amendment, which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 1, beginning with line 7, the Senator from Iowa moves to strike out all of section 2 and to insert in lieu thereof the following:

That subsections (a) and (c) of section 1001 of title 8 of the Revenue Act of 1932 be and are hereby repealed.

Mr. DICKINSON. Mr. President, the purpose of this amendment is to take out of the bill the provision delegating power to the President to do anything he wants to with postal rates, and to repeal the section of the revenue act which increased the rate from 2 cents to 3 cents in 1932. In other words, this would reestablish the old postal rates.

Subsection (a) is as follows:

(a) On and after the thirtieth day after the date of the enactment of this act and until July 1, 1934, the rate of postage on all mail matter of the first class (except postal cards and private mailing or post cards, and except other first-class matter on which the rate of postage under existing law is 1 cent for each ounce or fraction thereof) shall be 1 cent for each ounce or fraction thereof in addition to the rate provided by existing law.

In other words, it simply permits the old law to come back into effect.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. DICKINSON. I yield.

Mr. HARRISON. As I understand the Senator's amendment, what he seeks to do is to repeal the drop-letter rate from 3 cents to 2 cents?

Mr. DICKINSON. That is right.

Mr. HARRISON. And to take away the discretionary power that is given to the President herein to increase or lower rates?

Mr. DICKINSON. That is right. Under the provisions of the pending bill, section 2 provides:

Sec. 2. The President is authorized during the period ending June 30, 1934, to proclaim such modifications of postage rates on mail matter (except that in the case of first-class matter the rate shall not be reduced to less than 2 cents an ounce or fraction thereof) as, after a survey by him, he may deem advisable by reason of increase in business, the interests of the public, or the needs of the Postal Service—

And so forth.

In other words, this is a complete delegation of power to the President to do anything he wants to do with practically any class of mail matter, and the only restriction in the bill is that he cannot reduce the rate below 2 cents on first-class mail matter.

As a matter of fact, I think we have gone too far in the delegation of power. About every bill that comes before us provides for a new delegation of power to the President. I was greatly interested in the new independent offices appropriation bill, which has just come over from the House, and to all Senators who have any friends in the Army I want to suggest that they read section 10, on page 56, of House bill 5389, which has just been sent to us. Section 10 reads as follows:

The President is authorized to place on furlough such officers of the Army, Marine Corps, Public Health Service, Coast Guard, or Coast and Geodetic Survey as he, in his discretion, shall deem desirable. While on furlough, officers shall receive one half the pay to which they would otherwise have been entitled, but shall not be entitled to any allowance except for travel to their homes.

As a matter of fact, there has been one delegation of power after another since the 4th of March. I was very much interested in an observation made by Frank Kent in his column in the Baltimore Sun. He said that a good, old-fashioned Democrat told him that the delegations of power to the President reminded him of Christopher Columbus when he came to America, that when he started he did not know where he was going, that when he got here he did not know where he was, and that when he got back home he did not know where he had been. That is about where we are going legislatively in the transfer of legislative power to the Executive.



Mr. JOHNSON. Mr. President, will the Senator yield to me?

Mr. DICKINSON. I yield.

Mr. JOHNSON. I heard an answer, by a distinguished Senator, to the remark the Senator has just repeated, that Columbus did not know where he was going, and that when he got back he did not know where he had been. The answer of the Senator was, "What has time written of Columbus?"

Mr. DICKINSON. That is very true, but it does not take out of the atmosphere the uncertainty which surrounded him at that time.

Next I want to suggest some of the things we have been doing here recently. In the New York Times of yesterday Arthur Krock made these observations:

#### HALF OF BILLS TRANSFER POWER

A survey of major legislation passed, passed and signed, or awaiting passage at this session discloses an even division in the number of legislative items which may be classified as either direct lawmaking or transfers to the Executive of the lawmaking power. Of measures passed and signed, or about to be signed, by the President, these were in the form of laws made by Congress itself and for administration without large discretion:

The Copeland bill abolishing the liquor-prescription limitation for doctors.

The Wagner-Robinson bill authorizing the Reconstruction Finance Corporation to make direct loans to States and municipalities for public works to relieve unemployment.

The Cullen bill legalizing and taxing 3.2 beer, and the companion measure to include the District of Columbia in the privileged area.

The Robinson bill directing Reserve banks to make loans to State banks and trust companies.

The crop loans appropriation bill.

The farm mortgage refinancing provision in the Farm Relief Act.

The Wagner bill providing for a \$500,000,000 dole.

#### MANDATORY MEASURES

Measures still in committee, or not otherwise through the legislative hopper, which are mandatory in character, are these:

The securities bill for the protection of investors.

The Glass banking reform bill.

The Home Mortgage Refinancing Act.

Legislation either passed or certain to be and conferring powers on the President to use or withhold in his discretion, and assigning to him authority usually resident in Congress, follow:

The Emergency Banking Act.

The farm relief bill.

The Thomas amendment to the farm relief bill.

The Economy Act, permitting vast reductions in Government pay and gratuities, and the organization and abolition of Government agencies.

The bill creating the "conservation corps."

The arms embargo.

Measures of the same general character as these, which put virtual legislative authority in the President's hands and are yet awaiting passage, are the following:

The bill to regulate the railroad systems.

The Tennessee Valley Improvement Act.

The bill to mobilize, stimulate, and regulate private industry, including the hours and pay of its labor, and to provide for billions in public works.

#### WIDE CONTROL IN FOUR PROPOSALS

In the same group with these, but not yet officially sought by the President, can be placed the expected requests for powers to adjust tariffs, make trade agreements with other nations, and to negotiate adjustments of the war debts.

Except for a limited number of private bills, the above is a summary of the legislation of all kinds which has engaged the attention of this session of Congress. The gross score, assuming that all the measures will come to the President and receive his signature, is 11 grants of wide discretionary power and 11 complete and mandatory in themselves. But the delegated authority in 4 measures alone—the farm relief bill, the inflation rider, the Emergency Banking and Economy Acts—far overshadows in the control they give the President over the lives and property of the people all the rest of the acts of this session rolled into one. The delegated authority exceeds also more than Congress has asserted for itself in many sessions.

We are proceeding again in the pending bill to delegate power. Frank Kent in today's issue of the Baltimore Sun writes as follows:

It is not only that the President has planted a professor squarely behind the more important Secretaries, but the Roosevelt program has—or will create a group of Federal officials who constitute a new Cabinet with more power and importance than the combined constitutional Cabinet.

This unofficial cabinet created by Mr. Roosevelt is worth listing again. Here it is:

Farm Administrator.

Industrial Planner.

Railroad Coordinator.

Budget Director.

Public Works Director.

Dole Administrator.

They do not outrank the constitutional Cabinet at the dinner table, but they do in every other way. In a year's time it is going to be hard to remember who really is in the constitutional Cabinet.

In the provision of the bill regarding postal rates we are simply following the same line of giving additional authority to the President. Section 1001 (a) of the existing law I have already shown the Senate simply increased the postal rates on first-class mail matter by 1 cent an ounce. As a matter of fact, what it is proposed to do by this bill—

Mr. BARKLEY. Mr. President, will the Senator from Iowa yield to me?

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Kentucky?

Mr. DICKINSON. Yes.

Mr. BARKLEY. As I understand the Senator's amendment, it not only reduces to 2 cents the postage on drop letters but on all first-class mail?

Mr. DICKINSON. It reduces the postage on all first-class mail.

Mr. BARKLEY. In answer to the Senator from Mississippi I think the Senator was not quite accurate as to the effect of the amendment.

Mr. DICKINSON. As a matter of fact, this amendment, if adopted, would reduce postage on first-class mail matter and put the rate back to its original status of 2 cents an ounce.

Now, I want to suggest to the Senate that the Finance Committee held hearings on this matter, and was shown, as I understand, that the revenues of the Post Office Department for the fiscal year 1932 will be about \$588,000,000, and that it is estimated that if the 3-cent rate had not been in effect the revenues would probably have been not in excess of \$500,000,000. Some \$17,000,000 of that revenue is derived from drop letters, referred to by the Senator from Kentucky, leaving a balance of approximately \$17,000,000 to do with first-class mail transported as such. That character of mail, of course, has been the revenue-producing item of the Post Office Service. First-class mail produces a real profit.

As a matter of fact, I know nothing that will be a greater stimulus to business than to go back to the old 2-cent postage rate. We find that in many cases business concerns are no longer using the first-class mail, and they are no longer using it for the reason that, under existing conditions, with labor cheap, they are able to deliver many of the different types of notices which they send out for less money than they can actually deliver them through the mails.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. DICKINSON. I yield.

Mr. BARKLEY. They are still doing business, though. They have simply changed the method of delivery of their messages; they have not curtailed production on account of the 1-cent increase in postage rates. They may not be sending their letters through the mail or delivering whatever it is they deliver through the mail, but they are still engaged in business and employing some other method of delivery. Is that true?

Mr. DICKINSON. They are engaged in business, but I do not know of a single, solitary business in which there is not a curtailment of turnover. I do not ascribe that curtailment to the increase in postage.

Mr. BARKLEY. No.

Mr. DICKINSON. But it is simply one of the items of overhead which every business concern has to take into consideration.

There are two phases of this question that I think should be considered. In the first place, there is no reason why we should delegate power to the President to adjust postal rates. If the rates are too high, we ought to know enough about

the matter to lower them. If they are not too high, we ought not to have this provision in the bill at all; the rates ought to be permitted to stay where they are. There is no reason why the Congress should not make such survey as may be necessary to reach a conclusion in this matter and then to reach a conclusion in its own right.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. DICKINSON. I yield.

Mr. BARKLEY. If the rate shall not be reduced, either on first-class postage entirely or on drop letters, as has been suggested, until Congress makes a survey to determine whether the Post Office Department can stand the reduction, the chances are there will be no reduction in the near future, certainly not until the next session of Congress. Does not the Senator think if the President by making a survey can ascertain that at any time between now and the reassembling of Congress there can be a reduction and that he ought to have the power to bring it about?

Mr. DICKINSON. I do not agree with that at all.

Mr. BARKLEY. It is not contemplated that there will be any increase; it is contemplated only that there will be a decrease.

Mr. DICKINSON. But by the testimony taken by the Finance Committee it was shown that the President would have the right to increase particularly second-class matter.

Mr. BARKLEY. Of course he would have the right to do it.

Mr. DICKINSON. He could increase rates or he could decrease them, the only limitation being that he may not decrease first-class mail rates below 2 cents an ounce.

What I have in mind is this: All the data and all the experience under the 3-cent rate are available and there is no reason why Congress should say that somebody else shall review this situation. We ourselves have a right to review it, and the proper legislation could be presented here. There is no reason why this power should be delegated. I believe that our experience under the 3-cent rate has been the reverse of what was expected. It was estimated that the increase in revenues would approximately be \$135,000,000, but, as a matter of fact, there has been a slump in the Post Office Department in practically every avenue of income. That is due to a curtailment of business. Now, we are reaching the place where we ought to do those things which will encourage business. I believe that now is the proper time; that we can just as well repeal the present rate and restore the original rate, and that, by so doing, at the end of the fiscal year 1934, which is the limitation of the act, we will be far ahead, so far as revenues are concerned, than if we permit to remain in force the rate provided by existing law.

That is the reason why I have presented this amendment. I believe that it is in line with the action which should be taken in order to encourage business; and I know that the mail item is one of the real important items in many of the business concerns of this country. For that reason I believe that we ought to adopt the old rate and face the adjustments that may be necessary. In that way, if you please, we will, I think, be able to put the Government in a position where additional revenues will come in.

I find that many concerns have quit using the mails for certain types of circularizing; they have quit using the mails on account of the extra 1 cent per ounce postage. That being the case, I believe we should afford an encouragement to those who are using the mails, and for that reason I have offered the amendment.

Mr. VANDENBERG. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. VANDENBERG. The Senator from Iowa has offered an amendment to substitute certain language for section 2. Would it be in order, before his amendment is considered, to offer an amendment to perfect the language of section 2?

The PRESIDING OFFICER. Such an amendment would be in order.

Mr. VANDENBERG. Then I want to submit an amendment. It seems to me that the vice of the postal section is that it permits the President to increase rates as well as decrease them, although it is persistently said that there is no intention to increase rates. Therefore, Mr. President, I am asking the Senator from Mississippi for his reaction to the suggestion that in line 8, page 1, the word "modifications" be stricken out and the word "reductions" inserted, so that it will read:

The President is authorized during the period ending June 30, 1934, to proclaim such reductions of postage rates.

And so forth.

If it is not the purpose, Mr. President, to use a power to increase rates, the power to increase them should certainly not be created.

Mr. HARRISON. I have not said that the power is not granted by the bill to increase as well as to reduce postal rates. It may be that on certain class matter there should be an increase of rates. That is why the word "modifications", instead of the word "reductions", was placed in the provision. There is no denying the fact that the power is given to the President during the time specified to increase or reduce these rates, the only two limitations being those which I pointed out yesterday.

Mr. VANDENBERG. The Senator was absent from the Chamber when the Senator from Kentucky [Mr. BARKLEY] said a moment ago, without any reservation or equivocation, that there is no intention to use any power under this amendment to increase any rates.

Mr. HARRISON. Probably it is true that there is no such intention at this time, but the power is granted here to increase rates on certain matter.

Mr. VANDENBERG. That is what I am objecting to.

Mr. HARRISON. Some of us have voted for increased rates on certain classes of mail matter in the past, but the proposal was not adopted. I can imagine certain mail matter that ought to bear a little increase in rates.

Mr. VANDENBERG. I would be quite happy in some instances to vote for increased postage rates where justified, but it occurs to me that to give any one man the power to increase second-class mail rates in the United States, those rates being so directly related to the existence in many instances of the press of the Nation, would virtually be a circumscription of the free press, for it would put the power in the hands of one man to dictate the destiny of the press. I am perfectly sure that such a proposition is not defensible.

Furthermore, it seems to me, if the power to increase rates is eliminated, that all objection to the delegation of power disappears, because there can be no objection to the delegation of a power which is to be exercised to the advantage and in behalf of a reduced charge upon the people.

Mr. President, I move to substitute the word "reductions" for the word "modifications" in line 8, on page 1.

Mr. DICKINSON. Mr. President, before a vote is taken on the amendment I want to invite attention to subsection (c) which I also include in my amendment. Subsection (c) provides that 85 percent of the gross postal receipts during the period of the increased rate of postage provided in subsection (a) shall be counted for the purpose of determining the classes of postmasters and their compensation. As a matter of fact, it was expected that the increase in rates would result in an increase in revenue. It has been disappointing all along the line in that respect, and many of the postmasters have found that instead of getting only the usual percentage reduction they have had the regular percentage of reduction as provided in the Economy Act and on top of that there has been taken off 15 percent of their revenues before the computation was begun to determine what their salaries would be.

My amendment would correct that situation, which is wholly due to the fact that there has been no increase in revenues in practically any of the post offices of the country. In other words, 1932 as compared to 1931 has shown a de-



crease in revenues, so that the average postmaster not only had his revenue cut under the Economy Act, but found that 15 percent of the gross returns of his office were deducted before the Department began computing his salary. That is the reason for including subsection (c).

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Michigan. [Putting the question.] The "noes" seem to have it.

Mr. VANDENBERG. Mr. President, I suggest the absence of a quorum before the vote is announced.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Connally	Hayden	Reynolds
Ashurst	Coolidge	Johnson	Robinson, Ark.
Austin	Costigan	Kean	Robinson, Ind.
Bachman	Couzens	Kendrick	Russell
Ballley	Cutting	Keyes	Schall
Bankhead	Dale	King	Sheppard
Barbour	Dickinson	La Follette	Shipstead
Barkley	Dieterich	Logan	Steiwer
Black	Dill	Loneragan	Stephens
Bone	Duffy	Long	Thomas, Okla.
Borah	Erickson	McCarran	Thomas, Utah
Bratton	Fess	McGill	Townsend
Brown	Fletcher	McKellar	Trammell
Buikley	Frazier	McNary	Tydings
Bulow	George	Metcalf	Vandenberg
Byrd	Glass	Murphy	Van Nuys
Byrnes	Goldsbrough	Neely	Walsh
Capper	Gore	Nye	Wheeler
Caraway	Hale	Overton	White
Carey	Harrison	Pope	
Clark	Hatfield	Reed	

The PRESIDING OFFICER (Mr. CLARK in the chair). Eighty-two Senators have answered to their names. A quorum is present. The question is on the amendment of the Senator from Michigan.

Mr. VANDENBERG. Mr. President, I want briefly to restate the issue. Section 2 of the pending bill proposes to delegate to the President the power to increase or decrease postage rates. The Senator from Kentucky [Mr. BARKLEY] stated a few moments ago upon the floor that there is absolutely no intention or purpose to use the power to increase postage rates.

Mr. BARKLEY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Kentucky?

Mr. VANDENBERG. I yield.

Mr. BARKLEY. My remark was made in connection with the amendment of the Senator from Iowa [Mr. DICKINSON] with reference to postage rates on first-class matter. I have no way of knowing what may be done with reference to the entire mail situation, but I do understand that it is not contemplated by anyone that there will be any increase over the present rates on first-class mail matter. I do not know what will happen as to the other classes of mail. I have no information one way or the other on that question.

Mr. VANDENBERG. Very well. That further limits and identifies the menace in the language as it exists.

Mr. LONG. Mr. President, what the Senator from Michigan is trying to do is to give authority to the President only to decrease rates, is it not?

Mr. VANDENBERG. That is all the amendment would permit him to do.

Mr. McKELLAR. Mr. President—

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Tennessee?

Mr. VANDENBERG. I yield.

Mr. McKELLAR. I want to suggest to the Senator that in my judgment, after many years of service on the Committee on Post Offices and Post Roads, the present rate of 3 cents on first-class mail matter is bringing in less revenue than the 2-cent rate did, notwithstanding the reports from the Department. If that is so, it is perfectly clear that the President will never increase that rate.

Mr. VANDENBERG. Of course there is no question about that, but if it is not intended to increase rates I

submit that when we create a delegation of power we should not include a power which it is not contemplated shall be used. This power, we are now told, might be used to increase second-class rates. Perhaps second-class rates ought to be raised, but if they should be raised they ought to be raised by order of the Congress of the United States, because second-class rates are directly and specifically related to the existence of a free press in the United States, and the power to control the postage rates in respect to publications and newspapers in the United States may well be a complete control over their very existence.

I submit that no matter how much other power we may delegate in this strange hour that has fallen upon us, there can never be any excuse for delegating a power which relates specifically to the existence of a free constitutional press in the United States. We are now told, I repeat, that there is little or no expectation that this power will be used to increase rates. Therefore I have moved, on page 1, line 8, to substitute the word "reductions" for the word "modifications" so that we are permitting the President to reduce the postal schedule in any fashion that he concludes the conditions shall warrant, but declining to permit him, without any survey, without any check on the part of Congress, to increase postage rates, which are the very essence of a tax, and therefore which would be the subletting of a power to increase taxation of the United States.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Michigan [Mr. VANDENBERG].

Mr. HARRISON. Mr. President, I merely desire to say that this whole matter was considered by the committee; and the committee thought it was wise to give this power for this year to the President, so that he might increase the rate on second-class matter if he wanted to, or on first-class matter if he desired to, as well as to reduce it.

Mr. VANDENBERG. I ask for the yeas and nays on the amendment, Mr. President.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BULOW (when his name was called). I have a pair with the Senator from Connecticut [Mr. WALCOTT], and therefore withhold my vote.

Mr. McKELLAR (when his name was called). I transfer my pair with the Senator from Delaware [Mr. TOWNSEND] to the Senator from Nevada [Mr. PITTMAN], and will vote. I vote "nay."

Mr. METCALF (when his name was called). I have a general pair with the Senator from Maryland [Mr. TYDINGS], and therefore withhold my vote. If at liberty to vote, I should vote "yea."

The roll call was concluded.

Mr. LOGAN. I have a pair with the junior Senator from Pennsylvania [Mr. DAVIS], who is absent. I transfer that pair to the senior Senator from South Carolina [Mr. SMITH], and will vote. I vote "nay."

Mr. DALE. I have a pair with the junior Senator from California [Mr. McADOO], and therefore withhold my vote.

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Iowa [Mr. MURPHY] and the Senator from Wyoming [Mr. KENDRICK] are detained from the Senate on official business.

Mr. FESS. I desire to announce that the Senator from Rhode Island [Mr. HEBERT] and the Senators from Delaware [Mr. HASTINGS and Mr. TOWNSEND], if present, would vote "yea" on this question.

I also desire to announce the following general pairs:

The Senator from Delaware [Mr. HASTINGS] with the Senator from New York [Mr. COPELAND];

The Senator from Rhode Island [Mr. HEBERT] with the Senator from Illinois [Mr. LEWIS]; and

The Senator from Missouri [Mr. PATTERSON] with the Senator from New York [Mr. WAGNER].

The roll call resulted—yeas 37, nays 37, as follows:

## YEAS—37

Adams	Carey	Keyes	Schall
Austin	Couzens	La Follette	Shipstead
Bachman	Cutting	Long	Stelwer
Bankhead	Dickinson	McCarran	Stephens
Barbour	Frazier	McNary	Trammell
Black	Goldsborough	Nye	Vandenberg
Bone	Hale	Overton	White
Borah	Hatfield	Pope	
Capper	Johnson	Reed	
Caraway	Kean	Robinson, Ind.	

## NAYS—37

Ashurst	Coolidge	Harrison	Russell
Bailey	Dieterich	Hayden	Sheppard
Barkley	Dill	King	Thomas, Okla.
Bratton	Duffy	Logan	Thomas, Utah
Brown	Erickson	Loneragan	Van Nuys
Bulkley	Fess	McGill	Walsh
Byrd	Fletcher	McKellar	Wheeler
Byrnes	George	Neely	
Clark	Glass	Reynolds	
Connally	Gore	Robinson, Ark.	

## NOT VOTING—21

Bulow	Hebert	Norbeck	Tydings
Copeland	Kendrick	Norris	Wagner
Costigan	Lewis	Patterson	Walcott
Dale	McAdoo	Pittman	
Davis	Metcalf	Smith	
Hastings	Murphy	Townsend	

The PRESIDING OFFICER. On the amendment of the Senator from Michigan [Mr. VANDENBERG] the yeas are 37, and the nays are 37. The amendment is lost.

Mr. REED. Mr. President, a parliamentary inquiry. Where is the Vice President?

The PRESIDING OFFICER. The present occupant of the chair cannot inform the Senator.

Mr. HARRISON. Mr. President, the Vice President is at a Cabinet meeting, attending to his duties.

Mr. CONNALLY. Mr. President, I desire to observe that the conduct of the Senator from Pennsylvania is rather remarkable. Evidently his remark could only have been intended to cast some reflection upon the absence of the Vice President. For my own part, I wish to express my hearty resentment at the conduct of the Senator from Pennsylvania.

I recall what I suppose he has in mind—the conduct of the Vice President of his own party some years ago when the Senate was passing on a very important nomination, that of an Attorney General, and Vice President Dawes not only was not in the chair but was down in the Willard Hotel asleep. It was never known why he chose that particular hour for his slumber.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Idaho?

Mr. CONNALLY. I yield.

Mr. BORAH. The Senator will remember that that sleep enabled the Democrats and Progressives to defeat the nominee for Attorney General.

Mr. CONNALLY. I am very glad, indeed, for my part, that the Vice President was asleep, because his conduct assisted the Senator from Idaho and a number of other Senators to defeat a nomination which ought to have been defeated and which was defeated.

Mr. DALE. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield to the Senator from Vermont.

Mr. DALE. The Senator will also recall that that sleep enabled Vermont to get an Attorney General.

Mr. CONNALLY. I am very happy to know that Vermont was able to get an Attorney General. Mr. Sargent was a vast improvement over the man whose name was pending before the Senate at the time, and whose confirmation was being considered.

I desire to take this occasion, however, to say that the Senator from Pennsylvania ought to know that the Vice President is frequently in the chair; that he gives his attention to the public business; that he is a wise and able counselor of the administration; that he attends Cabinet meetings; and, as suggested by the Senator from Mississippi, that he is probably now in a Cabinet meeting endeavoring to bring this country out of the doldrums.

For my part, I want to express my hearty disapproval of the apparent effort of the Senator from Pennsylvania to cast some slur upon or make some insinuation regarding the Vice President by reason of the fact that he is temporarily not in the chair.

Mr. ROBINSON of Arkansas. Mr. President, perhaps too much note should not be taken of the very unusual, and I think unethical, conduct of the Senator from Pennsylvania [Mr. REED] in making the inquiry as to where the Vice President now is. It is a species of humor that the Senator from Pennsylvania does himself no credit when he indulges.

Senators themselves frequently find it necessary to be absent from the Chamber during the proceedings of the Senate. The Senator from Pennsylvania, with all his remarkable powers and abilities, finds himself in that situation. I cannot recall that any of his colleagues ever implied neglect of duty on his part when he failed to present himself during the meetings of the Senate.

The matter has an amusing aspect, however—that the Senator from Pennsylvania should assume to dictate to the Vice President as to the manner in which the Vice President shall perform his duties.

With that remark, Mr. President, I conclude, with the suggestion that perhaps the Senator from Pennsylvania would not like always to have it disclosed where he is when he happens to be absent from the Chamber. [Laughter.] The Vice President of the United States is engaged in the performance of his duties; and he, not the Senator from Pennsylvania, is the judge of when and how he shall perform his duties.

Mr. REED. Mr. President, not to prolong this unhappy subject—because I realize that I have caused great pain to a number of my friends—I only want to recall to our minds the fact that it was considered extremely amusing when poems were put in the RECORD regarding the efforts of Vice President Dawes to get here in time for a vote. There was not a face on the other side of the aisle that did not show the utmost happiness. As a matter of taste, it seemed to be unanimously thought there that it was in the best of taste to ridicule the Vice President to his face, to put in the poem about "Dawes' Ride", written after the fashion of "Paul Revere's Ride", because that Vice President was trying to get here to vote.

Perhaps at this moment traffic is being tied up on Pennsylvania Avenue by the efforts of the present Vice President to get here to cast his vote. I do not know. If so, it is very much to the credit of the Vice President.

In matters of taste I am a stupid person, and I must confess that I have merely followed the lead of my distinguished friends on the other side of the aisle when I have called attention to the fact that the vote on this amendment was a tie, and under the Constitution the Vice President had power to vote. He has never had it before since he took office. This is the first time the vote in the Senate has been a tie, the first time the Vice President was qualified under the Constitution to cast his vote and show the American people how he felt. If I have transgressed good taste in calling attention to his absence, I am very sorry; but, as I say, I have merely followed the example set by my friends on the other side.

Mr. ROBINSON of Arkansas. Mr. President, when the Senator from Pennsylvania with pride confesses his own stupidity in making the suggestion which he did make I am entirely content to let the matter rest. [Laughter.]

Mr. CONNALLY. Mr. President, I want to make a very remarkable statement: that the Senator from Pennsylvania for once is inaccurate in an assertion. The parliamentary clerk advises me that this is not the first time a tie vote has occurred since the present Vice President has been the Presiding Officer of this body. On a former occasion that situation occurred, and we heard no outburst from the Senator from Pennsylvania. Probably he was absent on that occasion.

Mr. REED. Mr. President, may I ask the Senator a question?

Mr. CONNALLY. Certainly.



Mr. REED. I think perhaps I was inaccurate. As I recall it, there was another time, and the Vice President was here and did not vote. Is that correct?

Mr. CONNALLY. I assume that is correct. I accept the statement of the Senator from Pennsylvania. I do not know how the Vice President voted. The parliamentary clerk advises me, however, that this is not the first incident, and that is why I was challenging the statement of the Senator from Pennsylvania. He now amends his statement, and says there was another time, about which he now knows, and that the Vice President did not vote.

Mr. GLASS. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. GLASS. If my recollection is accurate, there was a tie vote on the roll call on the Thomas amendment, and the Vice President did vote. The Senator from California [Mr. McAdoo] undertook to change his vote in order to prevent the Vice President from deciding the question, but the Vice President would not let him do it. [Laughter.]

Mr. CONNALLY. I thank the Senator.

SEVERAL SENATORS. Vote! Vote!

Mr. CONNALLY. I want to say to Senators on the other side who are crying "vote!", that I regard it as not in keeping with the practice or as showing courtesy due Senators, to interrupt a Senator without getting permission of the Chair. I do not expect to consume much of the time of the Senate, but while I am on this subject I want to say a few more things.

I thank the Senator from Virginia for contributing the information that he has given with reference to the vote which was a tie. The Senator from Pennsylvania simply thought he saw an opportunity to make some unfavorable comment upon the Vice President, veiled under a pleasantry or humor. The Vice President knows his duty and performs his duty. The only difference between the cases was that the Senator's Vice President was asleep. Our Vice President was on the job, doing his duty. The Senator from Pennsylvania now infers that probably the Vice President is in a traffic jam and cannot get here. Neither the Vice President nor the Senator from Pennsylvania himself probably knew an hour ago that the amendment of the Senator from Michigan was to be offered. Few Senators knew half an hour ago that there was to be a roll call on it. So I think the Senator from Pennsylvania is wholly unwarranted in bringing about the inferences and the deductions which he seems intent upon making here at this time.

The Senator from Arkansas referred to the effort of the Senator from Pennsylvania as "humor." I think the Senator from Arkansas was extremely generous in his appraisal of the conduct and of the language of the Senator from Pennsylvania by that designation.

Mr. President, I think it ill behooves a Senator to criticize the discharge of duty by the Presiding Officer of this body. Senators have enough duties of their own, if they will give proper attention to them, and I commend that rule to the Senator from Pennsylvania.

Mr. COSTIGAN. Mr. President, I move that the vote by which the amendment of the Senator from Michigan was rejected be reconsidered.

Mr. HARRISON. I move to lay that motion on the table.

The PRESIDING OFFICER. The Senator from Mississippi [Mr. HARRISON] moves to lay on the table the motion of the Senator from Colorado [Mr. COSTIGAN] to reconsider the vote by which the amendment of the Senator from Michigan [Mr. VANDENBERG] was rejected.

Mr. LONG. I ask for the yeas and nays.

The yeas and nays were ordered; and the legislative clerk proceeded to call the roll.

Mr. BULOW (when his name was called). Making the same announcement as on the previous roll call, I withhold my vote.

Mr. LEWIS (when his name was called). I have a pair with the Senator from Rhode Island [Mr. HEBERT]. Not knowing how he would vote, I merely announce the pair.

Mr. LOGAN (when his name was called). I have a pair with the junior Senator from Pennsylvania [Mr. DAVIS]. I transfer that pair to the senior Senator from Nevada [Mr. PITTMAN], and vote "yea."

Mr. McKELLAR (when his name was called). On this vote I have a general pair with the junior Senator from Delaware [Mr. TOWNSEND], and withhold my vote.

Mr. METCALF (when his name was called). I have a general pair with the Senator from Maryland [Mr. TYDINGS]. Not knowing how he would vote, I withhold my vote.

The roll call was concluded.

Mr. KENDRICK. Mr. President, I wish to announce the Senator from Mississippi [Mr. STEPHENS] and the Senator from Massachusetts [Mr. WALSH] are detained on official business.

Mr. FESS. Mr. President, I wish to announce the following general pairs:

The Senator from Delaware [Mr. HASTINGS] with the Senator from New York [Mr. COPELAND];

The Senator from Rhode Island [Mr. HEBERT] with the Senator from Illinois [Mr. LEWIS]; and

The Senator from Missouri [Mr. PATTERSON] with the Senator from New York [Mr. WAGNER].

The result was—yeas 39, nays 38, as follows:

#### YEAS—39

Ashurst	Clark	Glass	Murphy
Ballley	Connally	Gore	Reynolds
Bankhead	Coolidge	Harrison	Robinson, Ark.
Barkley	Couzens	Hayden	Russell
Black	Dieterich	Kendrick	Sheppard
Bratton	Dill	King	Smith
Brown	Duffy	Logan	Thomas, Okla.
Bulkeley	Fess	Loung	Thomas, Utah
Byrd	Fletcher	McAdoo	Van Nuys
Byrnes	George	McGill	

#### NAYS—39

Adams	Cutting	Keyes	Reed
Austin	Dale	La Follette	Robinson, Ind.
Bachman	Dickinson	Long	Schall
Barbour	Erickson	McCarran	Shipstead
Bone	Frazier	McNary	Steiwer
Borah	Goldsborough	Neely	Trammell
Capper	Hale	Norris	Vandenberg
Caraway	Hatfield	Nye	Wheeler
Carey	Johnson	Overton	White
Costigan	Kean	Pope	

#### NOT VOTING—17

Bulow	Lewis	Pittman	Walcott
Copeland	McKellar	Stephens	Walsh
Davis	Metcalf	Townsend	
Hastings	Norbeck	Tydings	
Hebert	Patterson	Wagner	

The PRESIDING OFFICER. On this vote the yeas are 39 and the nays are 38, so the motion of the Senator from Mississippi [Mr. HARRISON] to lay on the table the motion of the Senator from Colorado [Mr. COSTIGAN] is agreed to.

Mr. REED. Mr. President, merely for the sake of the accuracy of the RECORD, I want to call attention to the fact that the vote mentioned by the Senator from Virginia [Mr. GLASS] a little while ago is recorded at page 1943 of the CONGRESSIONAL RECORD. On reference to that page one sees at once that there was a tie vote; that the Vice President was here, and that he did not vote.

Mr. GLASS. Mr. President, in fact he did vote, because the Senator from California mistakenly voted on the wrong side of the question and tried to right himself, but the Vice President would not permit him to do so, and actually the action of the Vice President in not permitting him to do it decided the question.

#### SUBSTITUTION OF CONFEREES ON SECURITIES BILL

Mr. FLETCHER. Mr. President, conferees were appointed on House bill No. 5480, which is known as "the securities bill." The Senator from South Dakota [Mr. NORBECK], who was one of the conferees designated, has been compelled to leave the city, and informed me that he would be away for some days. So I ask the Presiding Officer to name another conferee in his place.

The PRESIDING OFFICER. Without objection, it is so ordered; and the Chair designates the Senator from

Delaware [Mr. TOWNSEND] to serve as a conferee in the place of the Senator from South Dakota [Mr. NORBECK].

#### PLAN FOR THE RELIEF OF UNEMPLOYMENT

Mr. REYNOLDS. Mr. President, several weeks ago the junior Senator from the State of Alabama [Mr. BANKHEAD] delivered a very able address and presented an unusually splendid argument in favor of stamp money. I have just observed in the columns of the magazine *Liberty* of the issue of May 13 an editorial interesting itself in that particular subject, and at this time I ask unanimous consent that it may be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From *Liberty*, May 13, 1933]

#### A PLAN TO PUT MILLIONS TO WORK WITHOUT COST TO THE GOVERNMENT

Governmental improvements can be made with the help of literally millions of workers without expense to the Government if the plan presented by Prof. Irving Fisher of Yale is approved by the Washington legislators.

Already Professor Fisher's plan has the enthusiastic support of Representative PETTINGILL, of Indiana, and Senator BANKHEAD, of Alabama. They have introduced a bill in the Senate to make this idea work to the advantage of the host of unemployed. The plan has been presented in detail in Senate bill 5674 and House bill 14757, authorizing the United States Government to issue up to \$1,000,000,000 in stamped money certificates of \$1 denomination.

Every Wednesday for 52 consecutive weeks a 2-cent postage stamp must be affixed by the holder on the back of the certificate. When fully stamped this certificate is to be redeemable by the Treasury with other lawful money of the United States. This makes the entire issue fully self-liquidating within 1 year, with a profit to the Government of \$40,000,000 on a billion-dollar issue.

Stamps to the value of \$1.04 in 52 weeks would have to be affixed to each certificate. Therefore, on every bill there would be a gross profit of 4 cents to the Government.

The special advantage of this plan is that hoarding becomes expensive. A dollar's value is reduced by 2 cents every week it is retained.

This money could be furnished to the various States pro rata in accordance with their population for only one purpose, and that is public improvements of various kinds. It could not be used in competitive trade except when it had been spent by workers who had secured it in the form of wages.

As a means of lowering taxes and furnishing employment for millions of unemployed it offers interesting possibilities. Everywhere throughout the country there are public improvements which have been delayed because of the lack of funds. This money could be furnished to the various States without cost, and paid out to the workers, who would have to spend it promptly to secure its full value.

It would be valid for every purpose if the stamps due at the time have been affixed thereon. If these bills were deposited in banks, 2 cents would be assessed for each dollar deposited.

Two weeks after this money had been issued by the Federal Government the weekly payment of 2 cents would begin. To make the affixing of stamps convenient, ordinary postage could be used.

This is indeed a revolutionary idea—but these are revolutionary times. We have not given the plan sufficient study to support it in every detail, but it is certainly worth careful consideration.

The plans for the "peace army" which our President is now forming need not be held up for the lack of funds if this plan is adopted. In every town and city in the United States millions of the unemployed could be put to work without cost to the taxpayers.

Relief organizations everywhere are bitterly complaining about the financial shortage. The various sources which they have previously used for replenishing their treasuries have in many instances been entirely exhausted. Such a plan would provide employment for all those whom they are now supporting in idleness.

Some people might term this a sales tax, as it represents a 2-percent payment for each week the money is retained; but these bills would probably change hands several times a week, and on Tuesdays there would doubtless be an orgy of spending on the part of holders.

At this time, when spending is so greatly restricted, there would be no complaint on that score. This money would simply be a temporary measure; it would have to be used during one year. It might furnish relief that is appallingly needed at this time and help us over the hard places that we have inherited from the depression.

If you think this plan is worthy of support, do your part. Write the Senator from your district, urging him to support this bill. Or a letter to Representative PETTINGILL or Senator BANKHEAD commending them for their interest in this legislation would be helpful.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the bill (S. 7) providing for the

suspension of annual assessment work on mining claims held by location in the United States and Alaska.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 5390) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes, asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. BUCHANAN, Mr. TAYLOR of Colorado, Mr. AYRES of Kansas, Mr. TABER, and Mr. BACON were appointed managers on the part of the House at the conference.

#### EXTENSION OF GASOLINE TAX

The Senate resumed the consideration of the bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes.

Mr. DICKINSON. Mr. President, the pending amendment simply provides, instead of giving the President the power to modify postal rates, that we repeal the provision of law increasing postal rates and go back to the old 2-cent rate. It is my hope we may have the yeas and nays on the amendment.

Mr. HARRISON. I merely desire to say that, while the amendment takes away this power, at the same time it will take away from the Government \$80,000,000 in revenue which will be lost in postage on first-class mail matter, and the Treasury cannot stand that reduction.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Iowa [Mr. DICKINSON].

Mr. DICKINSON. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. LOGAN (when his name was called). I have a general pair with the Senator from Pennsylvania [Mr. DAVIS]. I transfer that pair to the senior Senator from Nevada [Mr. PITTMAN] and will vote. I vote "nay."

Mr. McKELLAR (when his name was called). On this vote I am paired with the junior Senator from Delaware [Mr. TOWNSEND]. I transfer that pair to the senior Senator from Alabama [Mr. BLACK] and will vote. I vote "nay."

Mr. METCALF (when his name was called). I have a general pair with the Senator from Maryland [Mr. TYDINGS], and therefore withhold my vote.

The roll call was concluded.

Mr. LEWIS. I wish to announce my general pair with the Senator from Rhode Island [Mr. HEBERT].

I also desire to announce the general pair of the Senator from South Dakota [Mr. BULOW] and the Senator from Connecticut [Mr. WALCOTT].

I also desire to announce the following general pair on this question, the Senator from New York [Mr. WAGNER] with the Senator from Missouri [Mr. PATTERSON].

Mr. FESS. I desire to announce the general pair of the Senator from Delaware [Mr. HASTINGS] with the Senator from New York [Mr. COPELAND].

I also desire to state that I am advised that the Senator from Delaware [Mr. HASTINGS], the Senator from Rhode Island [Mr. HEBERT], the Senator from Delaware [Mr. TOWNSEND], and the Senator from Connecticut [Mr. WALCOTT], if present, would vote "yea" on the pending amendment.

The result was—yeas 30, nays 46, as follows:

#### YEAS—30

Austin	Dale	Kean	Robinson, Ind.
Barbour	Dickinson	Keyes	Schall
Bone	Fess	La Follette	Shipstead
Borah	Frazier	Long	Stetson
Capper	Goldsborough	McNary	Wheeler
Caraway	Hale	Nye	White
Carey	Hatfield	Overton	
Cutting	Johnson	Reed	

#### NAYS—46

Adams	Bratton	Clark	Dill
Bachman	Brown	Coolidge	Duffy
Bailey	Bulkley	Costigan	Erickson
Bankhead	Byrd	Couzens	Fletcher
Barkley	Byrnes	Dieterich	George



Glass  
Gore  
Harrison  
Hayden  
King  
Logan  
Loneragan

McAdoo  
McCarran  
McGill  
McKellar  
Murphy  
Neely  
Norris

Pope  
Reynolds  
Robinson, Ark.  
Russell  
Sheppard  
Smith  
Stephens

Thomas, Okla.  
Thomas, Utah  
Trammell  
Van Nuys  
Walsh

Byrd  
Byrnes  
Clark  
Connally  
Coolidge  
Couzens  
Dieterich  
Dill  
Duffy

Erickson  
Fess  
Fletcher  
George  
Glass  
Gore  
Harrison  
Hayden  
Kendrick

King  
Loneragan  
McAdoo  
McGill  
McKellar  
Murphy  
Reynolds  
Robinson, Ark.  
Russell

Sheppard  
Smith  
Stephens  
Thomas, Okla.  
Thomas, Utah  
Van Nuys  
Walsh  
Wheeler

## NOT VOTING—19

Ashurst  
Black  
Bulow  
Connally  
Copeland

Davis  
Hastings  
Hebert  
Kendrick  
Lewis

Metcalf  
Norbeck  
Patterson  
Pittman  
Townsend

Tydings  
Vandenberg  
Wagner  
Walcott

## NOT VOTING—15

Black  
Bulow  
Copeland  
Davis

Hastings  
Hebert  
Lewis  
Logan

Norbeck  
Patterson  
Pittman  
Townsend

Tydings  
Wagner  
Walcott

So Mr. DICKINSON's amendment was rejected.

Mr. VANDENBERG. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. VANDENBERG. I inquire whether, upon recapitulation, it is not disclosed at the desk that the vote upon the motion to table the motion to reconsider was 39 to 39, instead of 39 to 38?

The PRESIDING OFFICER. The Chair is informed that through a mistake upon the part of the tally clerk the vote should have been announced as 39 to 39, and the motion to table was, therefore, lost.

Mr. VANDENBERG. In other words, it was another tie vote.

The PRESIDING OFFICER. The question, therefore, recurs upon the motion of the Senator from Colorado [Mr. COSTIGAN] to reconsider the vote whereby the amendment of the Senator from Michigan [Mr. VANDENBERG] was rejected.

Mr. HARRISON. I ask for the yeas and nays on that motion.

The yeas and nays were ordered.

Mr. FESS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. FESS. Is this vote on the motion to reconsider?

The PRESIDING OFFICER. The vote is on the motion of the Senator from Colorado [Mr. COSTIGAN] to reconsider the vote whereby the amendment of the Senator from Michigan [Mr. VANDENBERG] was rejected.

The legislative clerk proceeded to call the roll.

Mr. METCALF (when his name was called). I have a general pair with the senior Senator from Maryland [Mr. TYDINGS]. Therefore I withhold my vote.

The roll call was concluded.

Mr. McKELLAR. I have a general pair with the junior Senator from Delaware [Mr. TOWNSEND]. I transfer that pair to the senior Senator from Nevada [Mr. PITTMAN] and vote "nay."

Mr. METCALF. I find that I can transfer my pair with the Senator from Maryland [Mr. TYDINGS] to the Senator from South Dakota [Mr. NORBECK], which I do, and vote "yea."

Mr. LEWIS. I desire to announce that the Senator from South Dakota [Mr. BULOW] has a general pair with the Senator from Connecticut [Mr. WALCOTT].

I also desire to announce the following pair on this question, the Senator from New York [Mr. WAGNER] with the Senator from Missouri [Mr. PATTERSON].

Mr. FESS. I desire to announce the following general pairs:

The Senator from Delaware [Mr. HASTINGS] with the Senator from New York [Mr. COPELAND]; and

The Senator from Pennsylvania [Mr. DAVIS] with the Senator from Kentucky [Mr. LOGAN].

The result was announced—yeas 37, nays 43, as follows:

## YEAS—37

Adams  
Austin  
Bachman  
Barbour  
Borah  
Capper  
Caraway  
Carey  
Costigan  
Cutting

Dale  
Dickinson  
Frazier  
Goldsborough  
Hale  
Hatfield  
Johnson  
Kean  
Keyes  
La Follette

Long  
McCarran  
McNary  
Metcalf  
Neely  
Norris  
Nye  
Overton  
Pope  
Reed

Robinson, Ind.  
Schall  
Shipstead  
Steiwer  
Trammell  
Vandenberg  
White

## NAYS—43

Ashurst  
Bailey

Bankhead  
Barkley

Bone  
Bratton

Brown  
Bulkley

So the motion to reconsider the vote whereby Mr. VANDENBERG's amendment was rejected was not agreed to.

## THIRD DEFICIENCY APPROPRIATIONS

The PRESIDING OFFICER (Mr. CLARK in the chair) laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H.R. 5390) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. BRATTON. I move that the Senate insist upon its amendments, that it agree to the conference asked for by the other House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to.

The PRESIDING OFFICER appointed Mr. BRATTON, Mr. GLASS, Mr. McKELLAR, Mr. HALE, and Mr. KEYES conferees on the part of the Senate.

## EXTENSION OF GASOLINE TAX

The Senate resumed the consideration of the bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes.

Mr. LONG obtained the floor.

Mr. TRAMMELL. Mr. President, I desire to offer an amendment which brings squarely before the Senate the question of whether we want a 2-cent rate or a 3-cent rate on first-class mail matter. I do not think it will take very much time to dispose of it. Will the Senator from Louisiana yield to me for that purpose?

Mr. LONG. I suggest to the Senator from Florida that we have had 2 or 3 pretty definite votes on that question.

Mr. TRAMMELL. We have not had any votes on the definite question as to whether the first-class rate shall be 2 cents or 3 cents. There has been no direct and definite vote on it. I am willing to submit it without any argument whatever if it is agreeable at this time.

Mr. LONG. I yield for that purpose.

Mr. HARRISON. Mr. President, there has been a vote taken that related, I believe, directly to that question.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Florida.

The CHIEF CLERK. The Senator from Florida proposes, on page 1, line 10, to strike out the words "not to be reduced to less than" and insert in lieu thereof the word "be", so as to read, "except that in the case of first-class matter the rate shall be 2 cents an ounce or fraction thereof."

Mr. TRAMMELL. Mr. President, the amendment provides that it is the view of the Senate and of the Congress that the rate on first-class matter shall be fixed at 2 cents an ounce instead of leaving it to the discretion of the President to change the rate as he may see fit. I mean no reflection on the President, but I think it is generally conceded among Senators and Representatives that the rate should be reduced. The Postmaster General has said that it should be reduced, so why should not Congress take definite action in the matter and specify in this bill that it shall be reduced to 2 cents an ounce?

Mr. BARKLEY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Kentucky?

Mr. TRAMMELL. I yield.

Mr. BARKLEY. The Postmaster General has not stated that the rate ought to be reduced at this time, but merely as soon as increased revenues will permit. I do not think the Senator meant to convey that impression. Of course, we all know that the rates ought to be reduced as soon as possible, but the Postmaster General has not advocated a reduction in this rate at this moment.

Mr. TRAMMELL. According to the publicity given the matter, that would seem to be his opinion. There have been many stories or statements in the newspapers and the moving pictures have depicted him in favor of this reduction.

Mr. BARKLEY. We have had representatives of the Post Office Department and the Postmaster General before us, and they made statements with reference to the matter. I do not know what newspaper stories have been carried about it, but I have seen no stories that indicate that the President and the Postmaster General feel that the reduction should be made now. We all hope it may be reduced as soon as the revenues will permit.

Mr. TRAMMELL. It was stated in the newspapers why it should be done, and I see no reason why it should not be done. The stories I read would seem to indicate the approval of the Postmaster General. He was portrayed in the movies in favor of making this order and was shown having the transformation made from a 3-cent stamp to a 2-cent stamp. In that way I got the distinct impression that he is willing it should be done. But whether he is convinced or not on that subject, I am convinced that the rate should be reduced from 3 cents to 2 cents, and therefore I should like to have the Senate vote definitely on the question.

Mr. HARRISON. Mr. President, I shall delay the Senate but a moment. The Postmaster General has never made the statement that he is in favor of reducing the first-class postage rate from 3 cents to 2 cents. He has recommended and is in favor of reducing the rate on drop letters from 3 cents to 2 cents, and expressed the hope that when we have a revival of business we may reduce the rate on first-class mail matter the country over, but he has never recommended a reduction from 3 cents to 2 cents on all first-class matter at this time.

Mr. COUZENS. Mr. President, is it not a fact that the testimony was that even by reducing the postage on drop letters we would lose \$17,000,000 of revenue?

Mr. HARRISON. Yes. Unless there is a tremendous revival of business, we will lose \$17,000,000 by this reduction of the postage on drop letters, according to Mr. Graves. According to Mr. Woods, who was before the Ways and Means Committee, we will lose \$9,000,000. If the amendment of the Senator from Florida should be adopted, reducing the general first-class rate from 3 cents to 2 cents, the Government would lose \$80,000,000 of revenue. We cannot stand that loss at this time, and I hope sincerely the amendment will be rejected.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Florida.

Mr. TRAMMELL. I call for the yeas and nays.

The yeas and nays were not ordered.

The amendment was rejected.

Mr. LONG. Mr. President, I now offer for consideration the amendment which I asked on yesterday to have printed and lie on the table. I suggest that the amendment need not be read. I ask unanimous consent that the amendment may be printed in the RECORD in lieu of being read at this time and that we may proceed to its consideration.

The PRESIDING OFFICER (Mr. DUFFY in the chair). Is there objection?

Mr. COUZENS. I object.

Mr. LONG. Then I ask that the amendment be read.

The PRESIDING OFFICER. The clerk will read the amendment for the information of the Senate.

The Chief Clerk proceeded to read the amendment.

During the reading—

Mr. COUZENS. Mr. President, I objected to the unanimous-consent request of the Senator from Louisiana that his amendment be printed in the RECORD without reading. I did

not know the nature of the amendment at the time. I withdraw any objection I had to waiving the reading of the amendment.

The PRESIDING OFFICER. Without objection, the amendment will be printed in the RECORD.

Mr. LONG's amendment is to add, at the proper place, the following new sections:

SEC. —. That subsection (a) of section 12 of the Revenue Act of 1932 is amended by striking out the last five paragraphs thereof and inserting in lieu thereof the following new paragraphs:

"\$120,960 upon net incomes of \$300,000; and upon net incomes in excess of \$300,000 and not in excess of \$400,000, 55 percent in addition of such excess.

"\$175,960 upon net incomes of \$400,000; and upon net incomes in excess of \$400,000 and not in excess of \$500,000, 60 percent in addition of such excess.

"\$235,960 upon net incomes of \$500,000; and upon net incomes in excess of \$500,000 and not in excess of \$600,000, 65 percent in addition of such excess.

"\$300,960 upon net incomes of \$600,000; and upon net incomes in excess of \$600,000 and not in excess of \$700,000, 70 percent in addition of such excess.

"\$370,960 upon net incomes of \$700,000; and upon net incomes in excess of \$700,000 and not in excess of \$800,000, 75 percent in addition of such excess.

"\$445,960 upon net incomes of \$800,000; and upon net incomes in excess of \$800,000 and not in excess of \$900,000, 80 percent in addition of such excess.

"\$525,960 upon net incomes of \$900,000; and upon net incomes in excess of \$900,000 and not in excess of \$1,000,000, 90 percent in addition of such excess.

"\$615,960 upon net incomes of \$1,000,000; and upon net incomes in excess of \$1,000,000, 100 percent in addition of such excess."

SEC. —. Subsection (b) of section 401 of such act is amended by striking out the last paragraph thereof and inserting in lieu thereof the following new paragraphs:

"\$3,116,000 upon net estates of \$10,000,000; and upon net estates in excess of \$10,000,000 and not in excess of \$12,500,000, 45 percent in addition of such excess.

"\$4,241,000 upon net estates of \$12,500,000; and upon net estates in excess of \$12,500,000 and not in excess of \$15,000,000, 50 percent in addition of such excess.

"\$5,491,000 upon net estates of \$15,000,000; and upon net estates in excess of \$15,000,000 and not in excess of \$17,500,000, 55 percent in addition of such excess.

"\$6,866,000 upon net estates of \$17,500,000; and upon net estates in excess of \$17,500,000 and not in excess of \$20,000,000, 60 percent in addition of such excess.

"\$8,366,000 upon net estates of \$20,000,000; and upon net estates in excess of \$20,000,000 and not in excess of \$22,500,000, 65 percent in addition of such excess.

"\$9,991,000 upon net estates of \$22,500,000; and upon net estates in excess of \$22,500,000 and not in excess of \$25,000,000, 70 percent in addition of such excess.

"\$11,741,000 upon net estates of \$25,000,000; and upon net estates in excess of \$25,000,000 and not in excess of \$27,500,000, 75 percent in addition of such excess.

"\$13,616,000 upon net estates of \$27,500,000; and upon net estates in excess of \$27,500,000 and not in excess of \$30,000,000, 80 percent in addition of such excess.

"\$15,616,000 upon net estates of \$30,000,000; and upon net estates in excess of \$30,000,000 and not in excess of \$32,500,000, 85 percent in addition of such excess.

"\$17,741,000 upon net estates of \$32,500,000; and upon net estates in excess of \$32,500,000 and not in excess of \$35,000,000, 90 percent in addition of such excess.

"\$19,991,000 upon net estates of \$35,000,000; and upon net estates in excess of \$35,000,000, 95 percent in addition of such excess."

In addition there shall be levied, collected, and paid upon the transfer to any beneficiary of the decedent a tax equal to 100 percent of the value of his beneficial interest in excess of \$5,000,000, less any State death taxes imposed in respect of such interest; such tax to be paid by the executor of the decedent and to be subject to all applicable provisions of law relating to other taxes imposed by this section.

SEC. —. That in order to provide for the common defense, to finance the prosecution of war, to support the Army, and to maintain the Navy—

(a) There shall be levied, collected, and paid for the calendar year 1933 and each calendar year thereafter a capital tax, computed as provided in subsection (c) of this section, upon the net capital of every individual, resident or nonresident.

(b) The tax provided for in this section shall apply to net capital as computed in accordance with the provisions of section 2 of this act; but in the case of a nonresident individual not a citizen of the United States shall apply only to the net capital computed on capital located within the United States.

(c) The tax referred to in subsection (a) of this section shall be as follows:

There shall be levied, collected, and paid for each taxable year upon the net capital of every individual a capital tax as follows: Upon a net capital of \$1,000,000 there shall be no capital tax; upon a net capital in excess of \$1,000,000 and not in excess of \$2,000,000, 1 percent of such excess.



\$10,000 upon a net capital of \$2,000,000; and upon a net capital in excess of \$2,000,000 and not in excess of \$3,000,000, 2 percent in addition of such excess.

\$30,000 upon a net capital of \$3,000,000; and upon a net capital in excess of \$3,000,000 and not in excess of \$4,000,000, 3 percent in addition of such excess.

\$60,000 upon a net capital of \$4,000,000; and upon a net capital in excess of \$4,000,000 and not in excess of \$5,000,000, 4 percent in addition of such excess.

\$100,000 upon a net capital of \$5,000,000; and upon a net capital in excess of \$5,000,000 and not in excess of \$6,000,000, 5 percent in addition of such excess.

\$150,000 upon a net capital of \$6,000,000; and upon a net capital in excess of \$6,000,000 and not in excess of \$7,000,000, 6 percent in addition of such excess.

\$210,000 upon a net capital of \$7,000,000; and upon a net capital in excess of \$7,000,000 and not in excess of \$8,000,000, 7 percent in addition of such excess.

\$280,000 upon a net capital of \$8,000,000; and upon a net capital in excess of \$8,000,000 and not in excess of \$9,000,000, 8 percent in addition of such excess.

\$360,000 upon a net capital of \$9,000,000; and upon a net capital in excess of \$9,000,000 and not in excess of \$10,000,000, 9 percent in addition of such excess.

\$450,000 upon a net capital of \$10,000,000; and upon a net capital in excess of \$10,000,000 and not in excess of \$20,000,000, 10 percent in addition of such excess.

\$1,450,000 upon a net capital of \$20,000,000; and upon a net capital in excess of \$20,000,000 and not in excess of \$30,000,000, 20 percent in addition of such excess.

\$3,450,000 upon a net capital of \$30,000,000; and upon a net capital in excess of \$30,000,000 and not in excess of \$40,000,000, 30 percent in addition of such excess.

\$6,450,000 upon a net capital of \$40,000,000; and upon a net capital in excess of \$40,000,000 and not in excess of \$50,000,000, 40 percent in addition of such excess.

\$10,450,000 upon a net capital of \$50,000,000; and upon a net capital in excess of \$50,000,000 and not in excess of \$60,000,000, 50 percent in addition of such excess.

\$15,450,000 upon a net capital of \$60,000,000; and upon a net capital in excess of \$60,000,000 and not in excess of \$70,000,000, 60 percent in addition of such excess.

\$21,450,000 upon a net capital of \$70,000,000; and upon a net capital in excess of \$70,000,000 and not in excess of \$80,000,000, 70 percent in addition of such excess.

\$28,450,000 upon a net capital of \$80,000,000; and upon a net capital in excess of \$80,000,000 and not in excess of \$90,000,000, 80 percent in addition of such excess.

\$36,450,000 upon a net capital of \$90,000,000; and upon a net capital in excess of \$90,000,000 and not in excess of \$100,000,000, 90 percent in addition of such excess.

\$45,450,000 upon a net capital of \$100,000,000; and upon a net capital in excess of \$100,000,000, 100 percent in addition of such excess.

SEC. —. The term "net capital" as used in this act means the total value of all property, whether real or personal, tangible or intangible, owned by the individual at the close of the calendar year, less the amount of any indebtedness outstanding on such date.

SEC. —. (a) Any individual having a net capital for the calendar year of \$1,000,000 or over shall make a return under oath in duplicate. Such return shall set forth (1) a detailed report of all items of property owned by the person making the return at the close of the calendar year and a statement of their value; (2) the items of indebtedness claimed and allowable as deductions; and (3) such further information as may be required by regulations made pursuant to law.

(b) The return shall be filed on or before the 15th day of March following the close of the calendar year with the collector for the district in which is located the legal residence or principal place of business of the person making the return, or if he has no legal residence or principal place of business in the United States, then with the collector at Baltimore, Md.

(c) Any person required under the foregoing provisions of this act to pay any tax, or required by law or regulations made under authority thereof to make a return, keep any records, or supply any information, for the purposes of the computation, assessment, or collection of any tax imposed by such provisions, who willfully fails to pay such tax, make such return, keep such records, or supply such information, at the time or times required by law or regulations, or any person who attempts by any device whatsoever to avoid liability for any tax imposed by this act while retaining control of his property, shall, in addition to other penalties provided by law, be guilty of a felony and, upon conviction thereof, be fined not more than \$10,000, and imprisoned for not more than 2 years.

SEC. —. The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, is hereby authorized to make and publish such rules and regulations as may be necessary to carry out the provisions of this act.

SEC. —. Section 502 of the Revenue Act of 1932 is amended by striking out the last paragraph thereof and inserting in lieu thereof the following new paragraphs:

"\$2,312,125 upon net gifts of \$10,000,000; and upon net gifts in excess of \$10,000,000 and not in excess of \$20,000,000, 37½ percent in addition of such excess.

"\$6,062,125 upon net gifts of \$20,000,000; and upon net gifts in excess of \$20,000,000 and not in excess of \$30,000,000, 40 percent in addition of such excess.

"\$10,062,125 upon net gifts of \$30,000,000; and upon net gifts in excess of \$30,000,000 and not in excess of \$40,000,000, 45 percent in addition of such excess.

"\$14,562,125 upon net gifts of \$40,000,000; and upon net gifts in excess of \$40,000,000 and not in excess of \$50,000,000, 50 percent in addition of such excess.

"\$19,562,125 upon net gifts of \$50,000,000; and upon net gifts in excess of \$50,000,000 and not in excess of \$60,000,000, 55 percent in addition of such excess.

"\$25,062,125 upon net gifts of \$60,000,000; and upon net gifts in excess of \$60,000,000 and not in excess of \$70,000,000, 60 percent in addition of such excess.

"\$31,062,125 upon net gifts of \$70,000,000; and upon net gifts in excess of \$70,000,000 and not in excess of \$80,000,000, 70 percent in addition of such excess.

"\$38,062,125 upon net gifts of \$80,000,000; and upon net gifts in excess of \$80,000,000 and not in excess of \$90,000,000, 80 percent in addition of such excess.

"\$46,061,125 upon net gifts of \$90,000,000; and upon net gifts in excess of \$90,000,000 and not in excess of \$100,000,000, 90 percent in addition of such excess.

"\$55,062,125 upon net gifts of \$100,000,000; and upon net gifts in excess of \$100,000,000, 100 percent in addition of such excess."

SEC. —. This act shall take effect as of January 1, 1934.

#### LIMITATION OF FORTUNES—SPREADING WEALTH AMONG THE MASSES

MR. LONG. Mr. President, I have prepared for the Senate's ready observation some charts undertaking to detail by hieroglyphics and symbols the present situation that has developed, requiring legislation such as I have offered by this amendment.

I have here a chart, Mr. President and gentlemen of the Senate, purporting to show the condition of the wealth of America year by year, particularly as accentuated since the year 1907. I have drawn here two triangles, one standing on the angle and the other on the base. The word "prosperity" here should read "property." That is an error by the printer. I am showing by this illustration that year by year a smaller percentage of the people of the United States have come into the ownership of a larger percentage of the property.

In other words, back in 1907 the plutocratic element of America, the concentrated owning class, comprised, we will say, 7 or 8 or, perhaps, 9 percent, owning something like 50 percent of the wealth. That was in 1907.

In 1916 that plutocratic class had concentrated to a point where 2 percent of the people owned 60 percent of the wealth.

In 1930 that had concentrated to such an extent that the same percentage of the wealth—around 60 percent—was owned by 1 percent of the people.

In 1931 and 1932 our present President, Franklin Roosevelt, analyzed these figures as to the growing concentration of wealth.

MR. BORAH. Mr. President, may I ask the Senator what authority he has for those figures?

MR. LONG. I am going to give the authority. For the figures of 1916 I have the authority of the Industrial Relations Committee report.

MR. BORAH. The reason I ask the question is because there has been so much dispute about the figures.

MR. LONG. I will give the authority, then, before I proceed further.

There are very meager figures for the year 1907. We know that in 1907 President Theodore Roosevelt summed up in a general way a particular estimate that he had at that time, and deplored the condition in about these words—that there had arisen a condition of concentration of wealth in America that was gradually becoming so alarming that the Congress of America would have to provide by law against any one person's being allowed to transfer an immense fortune to an heir in the years to come, to prevent that calamity of concentration from destroying America and its institutions.

Answering the Senator from Idaho, in 1916 a report was made by the Industrial Relations Committee, based upon statistics at that time, reporting that the wealth of America was owned as follows:

Two percent of the people owned 60 percent of the wealth.



Thirty-three percent of the people owned 35 percent of the wealth.

Sixty-five percent of the people owned 5 percent of the wealth.

They concluded with the warning that a little city with a population less than that of Chicago owned more of the wealth of the Nation than the other 108,000,000 people, or as the census was at that time.

In 1931 I produced here in the Senate the report of the Federal Trade Commission in which they showed from such estimates as they had been able to make of the decedents, that 59 percent of the wealth was in the hands of 1 percent of the people. I fortified that by another review.

In the year 1916—September 23, 1916—the Saturday Evening Post undertook to make an editorial survey based upon the statistics obtainable from the Bureau of Internal Revenue, and estimated that this country had finally worked itself into "a bloated plutocracy comprising, it said, 1 percent of the population lording it over a starveling horde, with a very thin margin of well-to-do in between"; but in 1930, according to the Federal Trade Commission's statistics, 1 percent of the people in the United States owned 59 percent of the wealth.

We have the statistics furnished us by President Roosevelt, before he had been nominated in Chicago and after he had been nominated in Chicago, in which he pointed to the striking fact that some six hundred and odd corporations in America were in absolute control of the economic and industrial lives and fortunes of this country.

I have submitted in the Record here, in the course of several speeches I have made on this and kindred subjects, the statistics of various and sundry concerns, showing the monopoly that has gradually progressed in controlling such industries as rubber, automobiles, banking, copper, telephones, steel, and all such industries of major importance, to the point that there is practically an entire control of the industries of this country today in the hands of relatively few men.

Mr. President, our calculations, based upon such figures as the American Federation of Labor has been able to assemble, and based upon such figures as our departments have been able to reach, and upon such as have been reported by the rating agencies, are these:

That beginning in the year 1927 there were 435 business institutions closing their doors every day. In other words, the chain grocery stores, chain banks, and chain drug stores had reached such a point of control that beginning with the year 1927 and the year 1928 an average of 435 independent business places went out of existence every day until the crash finally came on in the year 1929. There was not any doubt that we were on our way to a crash sometime around 1929 or before that time. We had reached a point where no such thing as an independent business could survive under the concentrated fortunes existing at that time; so much so that it became a well-known, undisputed fact that no such thing was possible as an independent business that could be organized with any reasonable chance of thriving under the economic concentration existing at that time.

Inasmuch as the Senator from Michigan [Mr. Couzens] has withdrawn his demand for the reading in full of the amendment which I have proposed, I wish to state, before proceeding further, just what the amendment provides.

I take the existing schedules applying on income taxes and, beginning with the tax on incomes amounting to \$300,000, I gradually scale them up until, when we reach a net income of \$1,000,000, exclusive of taxes and of interest, there is no such thing allowed to any one man as an earning in excess of \$1,000,000 a year. I take the income taxes from a net income of \$300,000 and scale them up to the point that when an income of \$1,000,000 net is realized in 1 year by one man he is not allowed any further income, but the balance goes to the Treasury of the United States. That is the first provision.

The second provision of the amendment is this: I take the present inheritance taxes and I scale them up to the

point that when a man has inherited \$5,000,000, or has received that much in gifts, no one heir, no one child, no one person is allowed to inherit more than \$5,000,000 that he never did a lick of work to earn in his lifetime.

I allow one man to earn \$1,000,000 a year. I allow one child to inherit \$5,000,000 without doing a lick of work to get it. Then all that is in excess of \$1,000,000 a year in income goes to the United States Government, and all that is in excess of \$5,000,000 in inheritances, goes to the United States Government.

Now I come to the last part of this bill which I have offered as an amendment to the pending revenue bill.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Idaho?

Mr. LONG. I yield to the Senator.

Mr. BORAH. I understand that the Senator's amendment first proposes to put a limit upon incomes of \$1,000,000 a year.

Mr. LONG. Yes, sir; a very drastic provision of the law.

Mr. BORAH. Secondly, he proposes, however, that a person may inherit \$5,000,000.

Mr. LONG. Yes, sir.

Mr. BORAH. With all due deference to the Senator's proposal, it seems to me that ought to be turned around; that a man ought not to be permitted to inherit five times as much as he may earn by his efforts.

Mr. LONG. No; in 1 year. He is allowed to earn \$1,000,000 in 1 year.

Mr. BORAH. He inherits in 1 year.

Mr. LONG. Well, it might be said that he inherits it in a minute, if you restrict it to that time. I allow him total inheritances of \$5,000,000 in a lifetime.

I want to say to the Senator that I think these figures are too high in both brackets. I do not think any one man ought to be allowed to inherit \$5,000,000. I do not think any one man ought to be allowed to earn, exclusive of all interest, taxes, and costs, that much, or to inherit \$5,000,000; but this is more or less in line with the policy of the law. We have not been so heavy on the inheritances as we should have been; and I may say to the Senator that to some extent I am following the Napoleonic law on that subject. I come from a State where that is the law. I am to some extent following in the path of the Napoleonic Code, and I am further undertaking to give to the Congress a scale of rates that will cause sufficient distribution of wealth without crippling the initiative of any one particular person.

In other words, take Mr. Morgan and Mr. Vanderbilt and Mr. Mellon. They will leave at their death, we will say, fortunes of several hundred million dollars; it might be \$300,000,000; it might be a billion dollars. It has been estimated in good times that some of these men owned amounts reaching up to a billion dollars or more. If Mr. Mellon, for instance, should die today, and we will say that he had five children, and left a billion dollars in wealth, he could give to each one of those children \$5,000,000 at his death. That would mean that \$25,000,000 would be inherited by the five Mellon children, if there were that many. That would then mean that \$975,000,000 would go into the Treasury of the United States Government. That would mean that we would not have restricted the fortunes or the lives or the activities of the sons and daughters of the well-to-do. We would have allowed them more money than they could spend in their lifetime or reasonably use in their lifetime. We would not deprive them of a luxury on the face of the earth. We would not stifle them in any ambition, regardless of what might be the particular glory or satisfaction they were undertaking to accomplish; but we would put into the Treasury of the United States, when a billion-dollar fortune fell to inheritance, \$975,000,000, and allow inheritances not to exceed \$5,000,000 to each child.

Mr. President, this is not a revolutionary matter. It is nothing new. We have known, if we know anything at all, that this country cannot survive with the present set-up, by which concentration is not only encouraged but is practi-



cally forced under the present system of laws. We not only should have known—we could not have known to the contrary—that we cannot continue to allow a smaller percentage of the people to own a greater percentage of the wealth without reaching the exact condition which President Roosevelt says the country will reach; that is to say, in the language of President Roosevelt, that we are only a few years away from the time when less than 100 men will own and control and dictate everything in the United States.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. BORAH. I understood, from the figures read by the Senator, that his figures disclose the startling fact that 1 percent of the people of the United States own 59 percent of its wealth.

Mr. LONG. From the best figures the Federal Trade Commission could supply.

Mr. BORAH. What the Senator has in view is a redistribution of the wealth of the United States?

Mr. LONG. Yes.

Mr. BORAH. But if the Senator takes the illustration of the Mellon estate, of which he was speaking, and distributes \$25,000,000 among the children, and the balance of it goes into the Treasury of the United States, how is it going to reach that 59 percent which we want to distribute?

Mr. LONG. It is very easy to reach. I am glad the Senator asked that question. I will come to it. It is so simple that I think before I answer it, the Senator will not require an answer.

We will relieve 99 percent of the people from having to contribute the \$975,000,000 that will be contributed by the plutocracy. That is one way. We will build up the country, the rivers and harbors, pay off debts for the wars, or what not, all will be supported, and the money thus gathered into the Treasury will naturally be diffused for the various purposes of Government and out to all the people.

Mr. ROBINSON of Indiana. Mr. President, we would have funds, then, too, to provide for the national defense.

Mr. LONG. Yes; we not only would have funds to provide for the national defense, but the soldiers' bonus would not have to be delayed, we would not have to enact an economy bill, we would not have to be talking about a sales tax, we would be gathering the money into the United States Treasury and diffusing it for roads, for schools, for farm relief, for hospitals, for rivers and harbors, for soldiers and for sailors, for pensions, for the unemployed, for every kind of activity, the guaranty-of-bank deposits, including, if we might say so, sufficient funds to enable the Reconstruction Finance Corporation to finance the railroads, anything we needed to do; so much so that, according to the estimates which I have made, we would have enough money contributed by the 1 percent of the population of this country in a period of 15 years, at the most, so that it is probable that something like one third of the national wealth would find its way back through the United States Treasury for redistribution, and for expenditure on the part of the Government.

Why are we delaying the work of developing the Mississippi River? It is a big matter. Why are we waiting to provide a Navy? Because of lack of funds. Why are we not paying off the debt we owe to the soldiers? Because, the Senator from Mississippi tells us, the Treasury is bankrupt. Why are we not discharging \$27,000,000,000 of debt which we owe for the last war? The United States Government is today in debt \$27,000,000,000; \$20,000,000,000 for bonds which are outstanding for a certain length of time and \$7,000,000,000 floating indebtedness, which has been issued by the Treasury since the depression started and a short time before. We find that the United States Government will be needing within a certain length of time not only to raise funds for rivers and harbors, for navies, and for soldiers, but actually to raise money to pay off \$27,000,000,000 of public debts.

From what source is this money to come? If this money comes out of those who have accumulated the resources of this country at the top, the money will gradually come into the United States Treasury and be filtered out to the workman who is on the levee; it will be filtered out to the

rural mail carrier; it will be given to the soldier; it will be given to the sailor; it will be given to the creditor; and gradually, as this country relieves the man at the bottom of the burden of taxes and gives him the benefit of wealth at the top, in reducing his hours of work, in increasing his pay, in giving such relief as may be necessary to banks, to farms, and to labor, everyone in America will share in the distribution of public funds made by the Government. In fact, there is no such thing as public money spent that does not inure to the population almost as a whole.

Mr. President, I stepped somewhat aside from explaining the bill in answering the Senator from Idaho [Mr. BORAH]. Let me illustrate the last provision of the bill. If we had started in time, we would not have to be so very drastic with this legislation at this time. Had we heard the voice of Theodore Roosevelt in 1907, we would not have had 10,000 banks closing in 1930 and 1931. If we had heard the voice of Woodrow Wilson in 1916, we would not have had the calamity in 1929. If we had heard the voice of such magazines as the Saturday Evening Post in 1916 and 1919, we would not have needed this legislation. If we had harkened back to the days of Daniel Webster when, in that speech which he made at Plymouth, he warned that this country had to set up a system of laws to prevent the wealth of this country from being concentrated in the hands of a few if we expected the country to last; if we had taken the advice of Abraham Lincoln; if we had heard the voice of Jefferson; if we had heard the voice of every leading man this country had of that day and time, and practically of all days and times, even down to the present day and time; if we had gone back in time, we would not today be required to be so drastic in the legislation that is necessary to relieve this country of the concentration of wealth in the hands of the few which now faces it. But we have waited until the house is nearly burned down; we have waited until there is no such thing as a flowing wealth in the United States. It is concentrated in the hands of the few, and the few have become as cannibals.

The ruling plutocratic class that started at 5 percent gradually shrank until it became 4 percent. In 1916 that same class dwindled down to 2 percent, and in 1930 it dwindled down to 1 percent. They are cannibals among themselves. They not only had begun to take the wealth that was in the hands of the little man and in the hands of the middle man, but they became financial cannibals, eating up the financial existence of one another, until the plutocratic element that was 5 and 4 and 3 and 2 percent as late as 1916, had become a plutocratic element of 1 percent in 1930.

Mr. President, that does not tell the story. In 1916, when 2 percent of the people owned 60 percent of the wealth, there was a middle class, 33 percent who owned 35 percent of the wealth. That was the condition in 1916. But where is the middle class today? Where is the corner groceryman, about whom President Roosevelt speaks? He is gone or going. Where is the corner druggist? He is gone or going. Where is the banker of moderate means? He is vanishing. The middle class, 33 percent of the people, who owned 35 percent of the wealth in 1916, has disappeared; and, according to the most conservative estimates, which are not even disputed, the middle class today cannot pay the debts they owe and come out alive. In other words, the middle class is no more. There is no middle class. The middle-class individual has either made his way up into the plutocracy of 1 percent of the population, or he has fallen into the general class of the masses of 99 percent of the people who own a very small, dwindled, and restricted percentage of the wealth. There is no middle class.

Mr. President, we cannot wait for all these rich men to die. They are not going to die fast enough for the Government to secure their money through an inheritance tax. Some of them are good men, and we do not want them to die. They are men whom we can use, and they are no different from anyone else.

Mr. President, I have proposed a capital-levy tax, within the Constitution of the United States. I have proposed by



legislative and congressional action that on a net capital of \$1,000,000 there will be no capital tax, but upon all that is in excess of \$1,000,000 up to \$2,000,000 the Government will take 1 percent. That means that if my friend the Senator from Ohio has a fortune of \$2,000,000, the Government will require him to pay \$20,000 of capital-levy tax.

I then propose that on a fortune of from \$2,000,000 to \$3,000,000 we will take 2 percent of the next million, 3 percent of the next million, from \$3,000,000 to \$4,000,000, 4 percent of the next million. I propose that we gradually increase the tax 1 percent on the million dollars of wealth until the point of \$100,000,000, and when we reach \$100,000,000, the United States Government will take 100 percent of all over the \$100,000,000. [Laughter.]

Mr. LEWIS. Mr. President, I rise to a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. LEWIS. I suggest that there be order in the galleries. A Senator is occupying the floor debating an important question, and the occupants of the galleries should be informed that it is not a matter of amusement, and that this is not a movie theater.

The PRESIDING OFFICER. The Chair admonishes the occupants of the galleries that they are here as the guests of the Senate, and the Senate rules strictly prohibit demonstrations of any kind. The rules of the Senate must be lived up to.

Mr. LONG. I do not object to interruptions, although I thank my friend, the Senator from Illinois. I want to say, however, that in stating that under my amendment a man would be allowed to own up to fifty or a hundred million dollars, I probably excited mirth. I know that in that particular this amendment seems ridiculous. It seems absurd for us to be trying to limit fortunes to fifty, fifty-five, or a hundred million dollars. It seems almost preposterous that in this day, when from thirteen to fifteen million people are unemployed; in this day, when somewhere in the neighborhood of 60,000,000 people are on the verge of starvation; that in this day of too much to eat and too much to wear, a Member of the United States Senate would be on the floor of the Senate urging such a preposterous proposition as allowing any one man to make a million dollars in a year, or to allow any one child to inherit \$5,000,000 without working for it, or to allow any one man to own from fifty to a hundred million dollars. It seems almost absurd that in this land of plenty and of too much anyone would be urging in the Senate, or be called upon to urge before the lawmakers of the United States, that in order that there might be such a thing as people eating what is here and wearing what is here, we would try to fix the absurd limitation on fortunes of fifty to a hundred million dollars. Yet that has even been referred to as being drastic and radical, a type and order of legislation that might beset the country with evils and destroy its initiative.

Mr. President, there is no sound-thinking man today who need expect to see this country emerge from the present chaos unless there shall be a redistribution of wealth. We need an expansion of the currency; we need more money; that is necessary for two purposes: First, because it is one of the means that will help us accomplish a decentralization of wealth and a redistribution in the hands of the masses; second, in order to allow intercourse in trade domestically and with foreign nations. But even though we do expand the currency, that is not going to accomplish anything like the necessary fundamental reform of redistributing the wealth of the country so that it may be shared among the people.

In order that I may illustrate that idea and to prove that what I am saying is in accord with modern thought, let me say that I am undertaking to carry out and to write into law the policy of the present President of the United States.

Mr. President, I saw the President before he made some of these important announcements. I knew how he felt about these matters probably in advance of many others of the American people. I was glad to ascertain, even before he had become a candidate for President of the United States, how he felt along such lines when he was formulat-

ing public utterances that later fell from his lips as important messages to the people. It was in his speech at Atlanta, Ga., where he said that the trouble with America was not the lack of anything; that it was not the lack of foodstuffs that kept people from eating; that it was not the lack of clothing that kept people from having enough to wear; that it was not the lack of houses that kept people from having homes; but it was the pronouncement of the President of the United States that the trouble, in his own words, was an insufficient distribution of the things that this country had; the lack in the hands of the people of those things which they needed in order to give them purchasing power and enable them to live.

I have excerpted these few remarks from his campaign utterances; they are fair excerpts, Mr. President, although the Senate will understand that it has been necessary to eliminate much in order to give just a few utterances that are pertinent.

Says our President:

We find concentrated power in a few hands; the opportunity in business has narrowed; the independent business man is running a losing race. He is squeezed out by highly organized corporate competition, as your corner groceryman can tell you.

That is the language of our President. He further says:

Our economic life is dominated by six hundred and odd corporations. We shall have all American industry controlled by a dozen corporations and run by perhaps a hundred men.

Those are the words of our President, showing, Mr. President, that in the language of our President there is no such thing as a living or a livelihood for the independent business or independent institution in this country; that we are running a losing race, and that if we are not already, in other words which he used—I did not have the space to display all the quotations on this one placard—that if we are not already in the midst of industrial absolutism, we are on the way there and bound to reach it unless we retrace our steps and go in the opposite direction; and, says our President, our basic trouble is not a lack of things but a lack of a proper distribution of them.

Having made myself modern, I go back to the year 1907, when Theodore Roosevelt was considering this question. I display in abbreviated form on this placard on the wall [indicating] the words of Theodore Roosevelt along about 1907:

We shall have to adopt—

Said Mr. Roosevelt in 1907—

some progressive tax on all fortunes, so as to put it out of the power of one to hand down more than a certain amount.

Those are the words of Theodore Roosevelt; and yet, Mr. President, we have waited for 26 years after Theodore Roosevelt had uttered that warning, and we now see that plutocracy of about 5 percent that owned half the wealth grow to a plutocracy of 1 percent that owns about 60 percent of the wealth. We have waited until that plutocracy have put the independent bank out of business; until they have put the independent drug store out of business; until they have shriveled up the dry-goods store, the hardware store, and the grocery store; we have waited until they have depressed the farmer to a point where he cannot earn the cost of producing a crop. We have waited, Mr. President, until we have had foodstuffs and wearing apparel piled so high that one cannot see the sun for them, and yet we let one half the people of the United States starve and go naked and homeless in a land of too much because we have not heard the words of Theodore Roosevelt in 1907; we have not heard the words of Franklin D. Roosevelt, and we have not transformed our promises and platitudes into law, as the people of America were entitled to expect, when we conducted the late successful campaign.

Mr. President, in order that I may go back further and perhaps to even greater authority, I will refer to the words of a commission appointed by Woodrow Wilson. There are Senators in this body who were here in 1916—I think my friend the Senator from Arizona was here then—and they will recall that President Woodrow Wilson appointed an in-



dustrial relations committee, which conducted a thorough survey all over the United States. It took several months, and in the course of that survey they called in the leading economists of this country, including Mr. Basil Manley, Judge Walter Clark, John D. Rockefeller, Jr., Judge Gary. There were called before the Industrial Relations Committee the leading economists, the leading industrialists, the leading labor-union men who were to be found in that day and time.

It was the purpose of that committee, appointed and created under the administration of President Woodrow Wilson, to find out what was the trouble with the United States. What did they report? I give you the first finding of the Industrial Relations Committee. They said, Mr. President, that the cause of the industrial unrest and the poverty and misery in America prevailing in the year 1916 was first as found in the words on the placard on the wall—

Unjust distribution of wealth and income.

They showed, Mr. President, by the tables of that day and time, that it was a physical impossibility for a country to live and thrive and for its laborers and farmers ever to have an opportunity to educate their children and live in respectability with the wealth of the country concentrated to a point where 2 percent of the people owned 60 percent of the wealth. At that time the Industrial Relations Committee showed that 33 percent of the people owned 35 percent of the wealth. Are we that well off now? We were supposed to correct the conditions that prevailed in 1916; but instead of having done that, instead of having provided against a condition which at that time allowed 33 percent of the people to own 35 percent of the wealth, we have let the middle class that owned 35 percent, be wiped out, obliterated altogether. We have left the plutocratic class of 2 percent dwindle to where 1 percent have as much wealth as 2 percent had when they owned 60 percent of the wealth, and the 65 percent of the people who owned 5 percent of the wealth of the United States in 1916 do not own enough to pay their debts, and most of them are at the point of starvation.

Now, I get back, Mr. President, to the fundamental law. I am going back very briefly and succinctly, if I can, to the fundamental law that has been proved by time and by experience. At the conclusion of the Napoleonic wars, or some of them, the French people found that France had gone through such a constant scourge of war that it was impossible, except through a redistribution of income, for that country to live and survive. Therefore the law of France was arranged upon a basis providing, to some extent, for the redistribution of its wealth. That was done in this way: If a man with five children died, he was compelled to divide his wealth more or less equally among his heirs. He was not allowed to set up a trust or a fideicommissum. He was required to bequeath to his children his wealth, more or less, in equal parts. They were allowed to take the money at once and dispose of it in such way as they saw fit, except idiots and minors, who were placed under guardians and tutors. Under the law of France—and there were other laws which I have not the time to enumerate—the wealth of France was gradually thrown back into the treasury and diffused into the hands of the people. That was the French law.

That law was written into the law of the State of Louisiana. Strange as it may seem, following war after war which France had gone through, following scourge and pestilence, France has always been able to emerge from every calamity simply because she kept her wealth more or less equally distributed. She is better off today than any other country of which we know. It is because under the Napoleonic code France has provided for a more or less equitable distribution of wealth that she survives today. Why did we not survive? For the opposite reason, if I may say so.

Another proof is that the State of Louisiana, which provided to some extent the same law which France enacted, has, as a State, had a fair share of this Nation's wealth, regardless of adversities under which its people have struggled; and today, Mr. President, it may be pointed to as

having one of the best systems for distributing wealth among its people, because back far enough the law was so framed as to compel fortunes to be distributed equally among heirs with certain portions to be paid to the State. But Louisiana suffers now because the Nation is collapsing.

That has not been done elsewhere in America. We have allowed a man to go along until he accumulated a million dollars and then to die and hand that fortune down to his most proficient son, and that son has taken the fortune of a million dollars and has rolled the snowball down hill and died and picked out his most proficient son and handed him a fortune of \$10,000,000; and then we have allowed someone else to take the fortune of \$10,000,000 and roll it through another generation and die with a fortune of \$100,000,000, until greed and grasping faculties and monopoly have enabled a few men to get together and squeeze the lifeblood out of every independent business of every kind and character, and practically to make themselves masters of fortune, of finance, and of Government and life in the United States.

Are we going to let that condition continue? I do not know how the President would feel; but in view of what President Roosevelt has said, I do not see how he can feel other than that his principles had received a stab in the back at the hands of everybody in Congress who would not vote today to carry out those policies and those pronouncements to the people.

If I were President of the United States—and I have only the human impulses that I think any ordinary human being like myself would have—if I were President of the United States and I had gone before the people of the United States pleading against this unjust distribution of wealth; if I had gone before my countrymen complaining of this bloated plutocracy of 1 percent existing in the land of plenty, existing in superluxury, and to the misery of the masses; if I were the President of the United States today who had warned the American people about this terrible calamity and growing canker; if I sat in the White House after having pointed out these difficulties and after having promised a relief and a deliverance from such aggravated and accentuated concentration and disaster; if I were in the shoes of the President of the United States, having pointed out these conditions with the results that are here to prove it; if I were the President of the United States and saw Members of the House and Members of the Senate voting against the redistribution of wealth, to which I had dedicated my political lifetime, I would feel that not only had the Congress failed to catch the spirit of the time but had failed to stand by my platform and to aid me in the work I had undertaken.

I know some may feel that it might have been well to have urged upon the President further to consider the logic of the situation. I have not done so. I have taken our great President at his word. That he says nothing now for these things does not detract from what he has said. I have come here to help him carry out his promises to the people. I have come here to help him because of his oft-repeated pronouncements in public and in private conversations, because in both I have heard him say these things to the American people. I have come here undertaking by an amendment to a revenue act to give to the Congress of the United States an opportunity to decentralize the wealth of the country.

What I have proposed is what I advocated in the last Presidential campaign. What I said in the last Presidential campaign, Mr. President, was stated at the request of and with the knowledge and upon the advice and consent of the great man who now occupies the position of Chief Executive. Nothing that I said at this time or at that time is any different in spirit or in letter from what the President has himself announced to the people of the United States before and after his nomination, and before and after his inauguration as President of the United States.

There may be some who think the calculations should be different. There may be some who think that instead of a man being allowed to earn a million dollars a year he should be allowed to earn only \$500,000 a year. There may be some who think instead of a man being allowed to earn



a million dollars a year he ought to be allowed to earn \$1,500,000 a year. I have undertaken to set a figure that is approved by practically all men who have discussed the question, a figure at which no man can say his earning has been restricted in any way that will cripple his business, dwarf his initiative in business, or deprive him of a possible luxury.

With reference to the \$5,000,000 of inheritance, I agree with some of the critics that \$5,000,000 is too much for any one child to inherit. There may be some who think most likely, as the Senator from Idaho [Mr. BORAH] indicated, that probably \$5,000,000 is out of order and out of proportion with the other provisions of my amendment. But be that as it may, I have undertaken to allow an inheritance in the millions sufficient so that there can be no such thing as a crippling of initiative and so there may be no such thing as luxury denied to the possessor of or the person inheriting that kind of fortune.

There may be some who figure that the capital-tax levy ought not to allow \$100,000,000 before taking all of a man's money, but I have undertaken to set a figure which I feel will be sufficient to allow us a revenue to the Government sufficient to care for its needs and to accomplish decentralization.

I should like to give the Senate the estimates which I have made, based upon normal circumstances, and after that I have nothing further to say in support of the amendment. Here is my calculation. No; it is not my calculation. Here is the calculation which has been supplied to me. I have been told that within 10 years possibly, but certainly within 15 years, under this decentralization plan the Treasury of the United States would have an income of around \$150,000,000,000. Not less than \$10,000,000,000 and most probably as much as \$15,000,000,000 average per year would come to the Treasury of the United States Government as the result of the amendment which I have offered.

Why do we wait for money to carry on public works and improvements? Why do we wait for money to pay the soldiers' bonus? Why do we wait for money to clear up deficits in the Treasury? Why do we wait for money to pay the \$27,000,000,000 of bonded indebtedness of the United States? Why do we wait here, having to go and take the crippled, the aged and the injured soldier who has fought in defense of his country, and throw him out of the hospital and leave him at the mercy of the world, without a home to occupy, without clothes for his back and without food to eat? Why do we wait in this stifled condition with a land overflowing with milk and honey, flour and meal, potatoes and cream—everything on the living earth here in abundance and superabundance that mankind might desire to consume? Why do we wait in this country with people starving to death by the millions, when we have so much here that they could not eat it if everybody was given everything he wanted to eat to start with?

Why? It is because we have taken the purchasing power out of the hands of the masses, because we have allowed the greed and avarice of the little bloated plutocracy of less than 1 percent of the people of the country to reach the point that they have amassed all the gold, all the wealth, all the silver, and all the property of America into so few hands that they actually have more satisfaction in owning that concentrated fortune and in the starvation of half the population of the country than they would have even though their fortunes allowed everybody to have plenty and themselves to enjoy whatever luxury could be supplied.

Why talk about a farm problem when nobody has money enough to buy cotton goods to wear? No one need go around trying to find the source of the trouble. If anyone wants to find out why we cannot sell any more cotton, I will tell him why. It is because the women have not any money with which to buy calico. That is why we cannot sell any more cotton. Does anyone want to know why we cannot sell any more silk? The first reason is because 99 percent of the people have not any money with which to buy silk. Does anyone want to know why we cannot sell shoes in the shoe stores, groceries in the grocery stores, and

dairy products? It is simply because 1 percent of the people controlling 99 percent of the wealth cannot eat any more than any other 1,000,000 people can eat and consume.

When we have taken the purchasing power away from the people, when we have not fed and clothed 99 percent of the people living in a land of too much to eat and too much to wear, and when they do not have anything to buy, anything to eat, or anything to wear, how does anyone expect to sell the wheat crop and the cotton crop, the corn crop, and whatever else is planted by the farmers of the country?

Our factories are idle; certainly they are. How could they be anything else? Take the statistics as shown by the income-tax returns and it will be found that there is such a small percentage of the people earning anything like a livable income in this country that it would be impossible today to have any such thing as busy factories.

Let us return our country to reason and equity.

Therefore, Mr. President, I submit my amendment, and ask that we may have the yeas and nays.

#### FOREIGN DEBT PROPAGANDA

THE MISCONCEPTION OR MISREPRESENTATION BY EUROPEAN DEBTOR LANDS DELEGATES OF CONVERSATIONS WITH PRESIDENT ROOSEVELT AND HIS AIDES ON DEBT SUSPENSION

Mr. LEWIS. Mr. President, I trust I do not impose too far upon the patience of the Senate at this rather uninviting hour, when I arise to meet the invasion the news from the press placed on our table at this hour alarms our confidences. The report, as I catch it at a glance, is of very impending weight upon the United States of America.

Mr. President, the afternoon cables support the statements made in the morning press by two premiers of European countries, these being the official spokesmen of two of the great debtor countries of Europe, both of whom being of the large debtors to the United States of America. Each of these master guides, being honorable representatives of their nations, have in the late weeks only departed from us, following what we assumed to have been a conference looking to readjustment of what is designated as the tariff, and conducting conversations formulating something of international economic trade arrangement. And we now have it stated as from these higher sources that as a preliminary essential to that meeting, which is shaped and framed to be held in the month of June either at London, or Geneva, Switzerland, that there must be by the United States of America accepted and agreed that a disposition of the debts due by the foreign lands to the United States, war and commercial debts, shall first be disposed of.

That in this first move some form of a reduction of the war debts which are due now or the wiping out of certain of the charges laid by the United States against the debtors; as commercial obligations must be agreed and arranged as a paid or adjusted debt preliminary and as a necessary step precedent to any undertaking looking to the adjustment of tariffs or the arrangement of an economic conference. It is now stated in the announcements, carrying out what is assumed to have been the object of the mission of these honorable gentlemen who came as the avowed and the acknowledged delegates of their countries, that first, and above all, is the abolishment of all obligation now existing to pay the debt.

Mr. President, I speak to what I charge to be the hypocrisy of the drama. I rise to charge upon the proceeding in the foreign parliament the farce of the pretense. I assert in my place that the intimation is now given to the world through speech of each premier addressed to his land that there was an understanding between this, our United States of America, through its representatives, and they who were envoys of other countries of the world, the principal debtors to this Republic, that before we, the United States, should be permitted to enter upon the specific schedules of any tariff truce, as it is termed, or the program of any economic adjustment touching trade between these lands, there must first be a concession on the part of the United States to take up the adjustment of the debts due the United States by these foreign lands, and that that question must be taken up in such manner as shall result in a conclusion of reduc-



tion, postponement, or cancelation satisfactory to the debtors.

Mr. President, it is very evident to my mind—I am sure it cannot be otherwise to the minds of those about us—that these expressions are sent throughout the whole world, all nations, for the purpose of increasing in European and Asiatic spheres the credit of these lands who are debtors to the United States. The object of the play is to give the appearance that the visits of their delegates here to our land resulted in an agreement at the instance of the debtor or at the initiation of the creditor to take up these international debts and as a first move to concede the debt as now due as either of immediate effacement or, sirs, as necessarily calling in their behalf for a large reduction, if not complete cancelation. With this false premise being circulated to the world, it enables our competitor nations to start out with the other countries of the world with the presumption that they are now to be enriched in their treasuries by the amount that they will be able to force us to concede in the reduction or effacement of the debt. This likewise will give to our debtors a form of credit from the other nations of the world upon the theory that the proportion of that credit advanced is sustained and secured by what is to be the amount surrendered by the United States of America.

Mr. President, the statement on the part of these honorable representatives, made in the parliaments of our debtors, that there is now compacted with arrangement concurrent with the economic conference a surrender by the United States of its debt as it is now adjusted is wholly without foundation. It was specifically stated here at the meetings in the city of Washington by the representatives of the United States of America at the State Department and at such other meetings as were concurrent with those gatherings that there was to be a fixed understanding that nothing whatever as to the debts between these debtor countries and the United States was to be taken up at the meeting looking to the economic conference. That only with that specific understanding, Mr. President, I am authorized to say that only at some later occasion is the subject to be entered upon, if at all; and upon my own information I do assert, that is now the compact, that in the economic conference nothing be entered upon in the form of a conference between our country and her debtors as to amounts of reduction nor payment is to be intruded in the program for the economic conference, the adjustment of tariffs, or the entering upon any form of arrangement touching the economy of trade throughout the world.

As to that specific agreement I summon you, sirs, to the statement of Professor Tugwell, representing the State Department of the United States, published as his utterance in the Sunday New York Herald, and one from his pen, and then that of the other aide of the State Department, Professor Moley, all these expressions spoke to the world that as a preliminary arrangement, if one may be termed an arrangement which is sent out as a prefatory and preceding understanding, the question of these foreign debts was not to be taken up, in anywise whatever negotiated, at the conference now being arranged on the basis of an economic trade.

Mr. President, I protest against this policy of misleading the United States on the part of these honorable foreign representatives, who, speaking from the parliaments of their high ascendancy, send out their message with a strange consistency in almost the exact verbiage—though they are contesting lands as between themselves—asserting that there was an understanding, and as such that it is now to be executed, executing the new agreed policy of effacing the debts by surrender or canceling them by a form of reduction that will leave to us the attitude of defeated debtor instead of victorious creditor.

I here say, sir, that the whole policy of sending out these statements in parliamentary-involved declarations is with the complete knowledge that they have no foundation in truth; but that these assertions are sent out in what are termed, in the parliamentary language of varying diplomacy,

as “feelers.” From such it is presumed that it might be ascertained how far the American people will go in generous gesture, for the seventh time, to further reduction of these debts far past the reduction we have subscribed to—far exceeding the reduction which even mercy, charity, and fairness would have justified. These “feelers”—a creeping poison which, like writhing vines, are twisted about the feet of those who move ahead in gloom and darkness, where they may be tripped to where they fall. And the object of these misrepresentative announcements are as two insidious things:

First, to educate the American citizen to the thought that his Government has already surrendered him in a private understanding here at Washington, and done in obedience to the demand of the ambassadors, premiers, and consultants of these honorable countries, our distinguished war debtors. I, as a humble representative of my distinguished State and as one of the colleagues of my honorable confreres in this gathering, the Senate of the United States, have reasons to deny, and upon these reasons specifically deny, that there ever was a conversation between these honorable representatives and the representatives of the United States upon the point of quantity or quality of further reduction of debts, the cancelation of them, or the readjustment of them to the surrender of the obligation.

Second, sir, the further purpose of the false dissemination was to give to the countries abroad the conclusion that without these delegates having an agreement for the surrender of a part of the debt, or a cancelation of its obligation, there would not have been an entrance by them into an understanding as to the surrendering of any of the trade advantages of their lands. It is that there be offered as a justification as against the assault of their own people for threatening to surrender the advantages and privileges they are enjoying in trade over the United States, they brought in turn the possibility of the abatement of these payments now due and to be paid this year.

Finally, Mr. President, the other and cruel purpose is to say to the American people, in such insidious propaganda as is now being scattered in the straining dew of gentle and facile declamation, that if they—our Americans—will yield now, despite their protests, to the form of a surrender of the amount of their debt, and place that obligation on the citizens of the United States, then the United States may expect some balance in losses in the surrender by us, your debtors, of our privileges of international trade, that America may enjoy the benefits of our present superiority, which is now yielded up. Sirs, all this concentrated effort of the parliamentary masters is to seduce the American mind into some form of yielding and some nature of concessions as against these debts.

True, sirs, with these murky movements we have nothing that gives light of method or detail. It is enough that through the press the mere statement of something of a “tariff truce”, of a “tariff concession”, of a “trade arrangement” be uttered. But from whence come these intimated assurances and in what description? I challenge my honorable colleagues upon both sides of the Chamber to note that in all these coagulated agitations of oratorical multiplication there is never a figure stated; never is a quantity defined as to what is offered. Nowhere is the specific declaration made clear. Never is the material or the basis of profit to the United States of the new trade stated. Everything is being brought to us now upon the theory we can assume as saying to us, “Dear friends of America, whatever you think you ought to have in trade, whatever you dream to enjoy in finance, whatever you hope to experience in any wise whatever, in new rejuvenation of our admiration and friendship, will depend on the amount you will yield to us on the debts you say we owe you.” Here, as the Scripture hath it, we exclaim “Selah.”

This very clever, this very artful insinuation, carrying nothing with it of newness, is multiplied in its form with a view of further seducing the credulity of our country, and imposing upon the confidence of our countrymen to believe



that there may again be perpetrated the same fraud which we have had to endure under similar pretenses in five previous gatherings. Sirs, all this replay and artifice after we had given notice that under no circumstances shall the matter of the reduction of the debts or even a discussion of the debts by our war debtors be considered in connection with this economic meeting—sirs, it is here that there still goes forth every day from the press, which is compelled to publish the news as it obtains it, that constant, repeated, and ever-flowing indulgence to the American public proclaiming, "If you will but persuade your public representatives to surrender you and your interests, to abase your country, to our superiority, and further loot your Treasury by concession and cancellation, you will be rewarded by us in some form of trade which may make up just now the losses you experience and that which you feel is hourly deepening its multiplication." What these national spokesmen of our debtor nations assume to offer they do not express. What we are to expect them to give us they do not say. We, they say, but tell you to trust us, and in this allurements trust and believe that for all you will lose—as we expect you to lose, for we are not meaning to have you gain—you may hope to be requited by something by which in some form, in the haggling terms of economic arrangement, you may, out of this mist and mystery, draw the varying light of some consolation.

Mr. TRAMMELL. Mr. President, will the Senator yield?

Mr. LEWIS. I yield.

Mr. TRAMMELL. I presume, from the Senator's statement, that he does not care to let them know exactly what we might do, that we are to let them wander along in darkness on that subject. Does he not think a better policy would be not to give any encouragement to this idea of a reduction of the indebtedness or a cancellation of the indebtedness? I believe that if we give any encouragement to people who are expecting to get something from us which we do not think they should have, that policy is detrimental in any future negotiation. I would rather be frank from the beginning, and state that we do not expect to have the matter of adjustment or the matter of the cancellation control or dominate this conference. Of course, the Senator has talked along that line, but I have just talked a little plainer.

I happened to drop into a movie a few nights ago where the subject was "Gabriel Over the White House", and Mr. Hammond, who took the part of the President, when they were clamoring for debt reduction, and some wise statesmen thought there ought to be reduction, said, "There is to be no reduction." When they wanted cancellation he said, "There is to be no cancellation of the debt." I think we need some plain talking.

Mr. LEWIS. Mr. President, I was stating, in what I felt was explicit language, that it was these our debtors who are leaving in this more or less confused state any proposition they were making; it is not ourselves. I had stated, evidently previous to the Senator coming to his seat, how we had in nowise made an agreement or an understanding looking to any cancellation or any form of interruption of the just course of the debt as it has now been placed by the previous understandings and agreements of our country and our debtors and now fixed as closed contract.

I answer the Senator from Florida to say the trouble is not the want of frankness on the part of his country. His country has made it public everywhere, wherever voice with dignity and manner with propriety could leave it, that there should be no entrance in this economic conference upon the question of the cancellation of the debts or a disturbance of the pleasant relations, and that there was no foundation at any time for the assumption by their statesmen that the matter of the debts, either their cancellation or their reduction, was to be entered upon at the time of these understandings we are about to launch respecting the economic affairs of these nations in commerce.

Mr. President, I was concluding, when I yielded to the distinguished Senator from Florida, to say that I regard it dangerous to the friendship between this Nation and her

debtors for these debtors to continue making public the statement that there should be a preliminary entrance upon these international debts looking to their readjustment or effacement before we enter into the fulfillment of the program of the Economic Conference which they sought and proposed as an illustration of new commercial friendship.

Mr. President, I find much in what the Senator from Louisiana has to say respecting the prospects of great losses to the people of the United States, and if the loss is to be accelerated by our yielding up the debts which are due us, and we are to be first trapped and then tricked out of the results because of the constant amalgamation and multiplication of the falsehoods, saying that we had a preliminary understanding that we were to enter upon the cancellation for the effacement of the debt before we concluded the Economic Conference, then we should not enter upon any conference or gathering of delegates under the false assumption.

Mr. President, if the United States—and I speak of its people—shall conceive seriously that there has been really a secret understanding by the representatives of this administration that we are to enter upon the question of the reduction of the debts which are honestly due us, the effacing of these obligations from the foreign lands, despite our statement to the United States through our representatives that such has never been the basis of any treatment on the part of the State Department or the foreign delegates—I say, sir, that if they, the spokesmen from Europe, shall continue with these statements as now published as their declaration, all to the contrary of what truly has transpired, these double-dealing delegates in their evasive speeches misrepresenting the history of the proceedings—these spokesmen will arouse a spirit of retaliation and resentment, I fear; and if the time should thereafter come when later the question as of the debts in any form of a suggested new adjustment could be appropriately revived, the temper of our people would not allow it to be approached. They would fear the spirit of delusion and deception. They would have been so convinced by the previous falseness that another scheme was set deliberately to entrap us that, whatever might be the proposition, all anew it should be at once repudiated by the spirit of the American people, too long and too often seduced by fair promises and betrayed by false deeds.

Mr. President, I rose merely to call attention, in this desultory manner, as I have, to the fact that we now warn the representatives of these debtors that they cannot continue these statements, which are directly in opposition to what is the truth of the arrangements between the United States and their representatives, without incurring a spirit of animosity on the part of the United States, and from this they will render their whole trade prospects nugatory; they will cause any concessions offered in that respect wholly void; they will remove from the American mind all confidence in the proposed undertaking at the outset; they will characterize it by the shadow of fraud; they will surround it in the gloom of suspicion. Sirs, they will enter upon it with doubt in all directions and with accusations so encircling it that, instead of it being an advance on the part of friendship through the delegates of those who are trusted, it will be an entrance again into the spirit charging falsehood and trickery and culminating in bitterness—perhaps hatred.

I therefore rise here to say that it is time these statements shall cease being sent out on the part of these honorable representatives and their parliaments of the world. These debtor nations and their representatives must know there never has been, at the meetings which they have lately attended here in Washington, one single, solitary agreement of any nature whatever that these foreign debts are to be made the basis of discussion or agreement at the economic conference.

The Economic Conference, if to be entered upon, must be entered upon with the knowledge that its only spirit is one looking to the exchange of trade between these nations in friendship and in confidence, and if it shall not be entered



into in that way, better, sir, that we withdraw at once than to enter that which is cursed with defeat through hypocrisy and held up to the world as a sham and as a device for tricking the American public either out of its rights in commerce, or its rights as a creditor.

Mr. President, no act on the part of these honorable debtors can benefit them if they continue misrepresenting the United States to its own people, and my object in rising at this moment is again to warn the United States that these plans of propaganda are, first, to take from the United States citizen his confidence in his own administration; second, it is to invest in the minds of foreigners the idea that there has been a secret understanding here by which, for some arrangement or surrender on the part of the United States, the economic trade conference about to be entered upon is to be entered upon with the theory that for all they give they are to be profited by the large sums of the surrender and loss of debts by the United States.

Mr. ASHURST. Mr. President, will the Senator yield?

Mr. LEWIS. I yield to the Senator from Arizona.

Mr. ASHURST. I tuned in on the radio one evening, some months since, and although I missed the announcement, I knew at once, from the mellifluousness of the voice, from the beauty of the diction, the correctness of the rhetoric, and the accuracy of the historical references, that the senior Senator from Illinois [Mr. LEWIS] was speaking. He reviewed with accuracy the history of past transactions on the collection of loans made by one government to another. The Senator pointed out how baleful and unjust it would be for the United States to cancel or remit any part of the foreign debt, and he concluded his brilliant radio address—I am sure it was heard by 10,000,000 persons—by an argument that appealed to me with force, pointing out not only the injustice to our own people in canceling the foreign debt, but made the superlatively important argument that it would be injurious to the debtor nations themselves to petition for or to accept such a humiliation as the cancellation of their own debts; that it would paralyze for a hundred years their efforts to attempt to secure credit; that each and every nation accepting a cancellation or a remission of its indebtedness would thereby suffer in its own self-esteem and would lose that which when a man or a nation loses is grievously hurt—its own self-respect.

The Senator has rendered a service in suggesting that this administration has never, directly or indirectly, intimated to anyone that there will be any cancellation, remission, or reduction of any part of the foreign debt due to the United States. Nothing would cause more feeling amongst our people, nothing would produce so much loss of confidence in the Congress and in the administration as to cancel, remit, or forgive any part of the foreign debt due to the United States.

Mr. LEWIS. Mr. President, I acknowledge the contribution of the able Senator from Arizona, the Chairman of the Judiciary Committee. I am flattered that he recalls an address of mine made at any time and approves it. I have from time to time, perchance at the expense of friendship and patience on the part of the Senate, invited their consideration to the thought that this, as I now charge, was the plan, and that behind the euphemistic expression "economic conference" was an underground and subterranean method of again reaching the point of driving the American public to a point where they would feel they must make some surrender of their rights to those who now seek to impose upon them.

Mr. President, as I conclude, I repeat I am anxious to hold the confidence of the American public to the administration. I shall not allow those outside of my land to be constantly presenting to my countrymen that there have been transactions secretly conducted which are deceiving the citizen and leaving him to conclude that he is being delivered by his public servants, and that under some secret allusion that the proposal is only one of mutual business touching economic conditions really and truthfully they are laying first the groundwork, the network, the trap, to be followed

by the surrender of the American people and their right to payment of honest debts due them.

Mr. President, we get from the great bard the famous line impugning the record of men saying:

Half a truth is worse than a whole lie.

It is against this half truth which is being heralded throughout the public press from the agencies of European debtors to our own countrymen at home, who write in their press that which will undermine the confidence of our countrymen in their country and rob them of the enjoyment of trust in the administration, that I protest. There shall not be a moment, so far as I may protest, sir, when over the gateways of our tomorrow in dealing with foreign lands there shall be inscribed by our engraving in cowardice at surrender—the proclamation of Dante:

Abandon hope, all ye who enter here.

Mr. President, having uttered the expression of my protest, and that which I firmly believe is the duty of an American to repeat as often as possible—a warning to his countrymen not to be further imposed upon, I submit my views as they have been expressed, with my sense of gratitude for the patience and kindness of the Senate. I call forth again, America, be on guard, beware; and as against all alluring approaches seducing her trust, O America, be true.

#### NOTIFICATION OF CONFIRMATION OF CIVIL SERVICE COMMISSIONERS

Mr. McKELLAR. Mr. President, earlier in the day I asked unanimous consent, as in executive session, that the President be notified of the confirmations of the nominations of Mrs. McMillan and Mr. Mitchell as members of the Civil Service Commission. Those two officials were sworn in this morning. I find that the time required by the rule has not yet elapsed; but I hope the Senate will agree to my request for unanimous consent, which is that the President may be notified of the confirmation of these nominations.

Mr. McNARY. Mr. President, for obvious reasons I have uniformly followed the practice of dissociating confirmations and notices to the President. The Senator from Tennessee conferred with me earlier in the day. The situation is rather an embarrassing one, due to a misunderstanding, and therefore, so far as I am personally concerned, I am willing to make an exception in this case.

The VICE PRESIDENT. Is there objection to the request of the Senator from Tennessee? The Chair hears none, and the President will be notified of the confirmations of the nominations.

#### EXTENSION OF GASOLINE TAX

The Senate resumed the consideration of the bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes.

Mr. HARRISON. Mr. President, the hour is now so late and the Senate has been so patient in the consideration of the tax bill that I am not going to impose on the body at this time any remarks with reference to the pending amendment. I may say that if we can dispose of this amendment I think we may get through with the bill this afternoon; and it is the intention, as I understand, of the leader on this side in that case to move an adjournment over until Monday. So I hope we may expedite the matter and get through with it quickly.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. LONG].

Mr. NYE. Mr. President, I desire to express myself briefly on the pending amendment offered by the Senator from Louisiana. I am numbered among those who are urging at this time that there can be hope for little or no recovery for America until we have accomplished, in some manner or other, a decentralization of wealth that has grown by such leaps and bounds in recent years. While the inflationary features of the farm bill were pending before the Senate, I offered an amendment which, had it been accepted, would have increased the income-tax rates on incomes in excess of \$100,000 a year.

Mr. LONG. Mr. President—

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Louisiana?

Mr. NYE. I am glad to yield.

Mr. LONG. I want to ask the Senator to let me suggest the absence of a quorum.

Mr. NYE. I am not going to yield for that purpose at this time.

The VICE PRESIDENT. The Senator from North Dakota declines to yield.

Mr. NYE. The scale of taxation upon incomes under my amendment would range from 55 percent on incomes of \$100,000 or more to 75 percent on incomes of a million dollars or more per year. I was prevailed upon at the time of its offering to have it referred to the Committee on Finance, which was then considering the pending tax bill. So the amendment went to that committee.

I now understand, of course, that the amendment did not receive favorable consideration at the hands of the committee, but I intend to move that amendment to the pending bill in the event the amendment of the Senator from Louisiana shall be defeated. Yet I hope I am not going to have occasion to offer my amendment; in other words, I hope that the amendment offered by the Senator from Louisiana is going to prevail, and because I so much want that it shall prevail, I am going to plead with the Senator from Louisiana to do a thing which I am certain will enlarge the chance for the adoption of his amendment by the Senate.

His amendment deals with income taxes, with inheritance taxes, with gift taxes, and with the so-called "capital tax." I wonder if the Senator, in view of the largeness of the contract involved in his amendment, will not consider and finally consent to the elimination from his amendment of that portion of it dealing alone with the capital tax?

Mr. LONG. Mr. President, as I understand, the Senator is suggesting the elimination of the capital-tax-levy feature of the amendment, leaving the income-tax and inheritance-tax provisions as they are. Is that what the Senator suggests?

Mr. NYE. That is all. I suggest only that the Senator strike from his amendment all the language beginning in line 15, on page 4, striking out all on pages 5, 6, 7, and 8, and down to line 13 on page 9.

Mr. LONG. Mr. President, I have been urged so to change my amendment, and I am willing to modify the amendment. Accordingly, I accept the suggestion of the Senator from North Dakota.

Mr. NYE. I am sure the Senator will thereby improve the chance for his amendment in a large way.

The VICE PRESIDENT. The Senator from Louisiana modifies his amendment. The question is on agreeing to the amendment as modified.

Mr. LONG. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Kendrick	Pope
Ashurst	Cutting	Keyes	Reed
Austin	Dickinson	King	Reynolds
Bachman	Dieterich	La Follette	Robinson, Ark.
Bailey	Dill	Lewis	Robinson, Ind.
Bankhead	Duffy	Logan	Schall
Barbour	Erickson	Loneragan	Sheppard
Barkley	Fess	Long	Shipstead
Black	Fletcher	McCarran	Smith
Bone	Frazier	McGill	Steiwer
Bratton	George	McKellar	Thomas, Utah
Brown	Goldsborough	McNary	Trammell
Byrd	Gore	Metcalf	Vandenberg
Byrnes	Hale	Murphy	Van Nuys
Capper	Harrison	Neely	Walsh
Carey	Hayden	Norris	Wheeler
Clark	Johnson	Nye	White
Connally	Kean	Overton	

The VICE PRESIDENT. Seventy-one Senators have answered to their names; a quorum is present.

Mr. LONG. Mr. President, I want to take just long enough to say to Members of the Senate who have come in recently that I have modified my amendment by striking out the capital-tax-levy feature of it, leaving it to apply

only as to inheritance and gift taxes and income taxes, limiting the incomes to \$1,000,000 and inheritances and gifts to \$5,000,000. I ask for the yeas and nays on my amendment.

Mr. TRAMMELL. Mr. President, may I ask the Senator a question?

Mr. LONG. Certainly.

Mr. TRAMMELL. The Senator provides for an increase of income taxes on incomes of \$300,000 and upward?

Mr. LONG. Yes.

Mr. TRAMMELL. The increase does not begin until the incomes reach \$300,000?

Mr. LONG. That is correct.

Mr. TRAMMELL. And, with reference to inheritances, what is the minimum from which the amendment proposes to start?

Mr. LONG. I have just scaled them from whatever they are now on up to \$5,000,000. I do not propose to affect them to any extent whatever in any of the lower brackets.

Mr. TRAMMELL. That is the impression I gathered from reading the Senator's amendment; that it does not affect the lower brackets in any of the taxes.

Mr. LONG. That is true. I ask for the yeas and nays on my amendment.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. LA FOLLETTE (when his name was called). On this vote I have a special pair with the senior Senator from Virginia [Mr. GLASS]. I understand if he were present he would vote "nay." If I were at liberty to vote, I would vote "yea."

Mr. LEWIS (when his name was called). I am paired with the Senator from Rhode Island [Mr. HEBERT]. Not knowing how he would vote, I withhold my vote.

Mr. LOGAN (when his name was called). I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS], who is absent. I transfer that pair to the senior Senator from Nevada [Mr. PITTMAN] and vote "nay."

Mr. McKELLAR (when his name was called). On this vote I have a pair with the junior Senator from Delaware [Mr. TOWNSEND]. I transfer that pair to the junior Senator from Massachusetts [Mr. COOLIDGE] and vote "nay."

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS]. In his absence I withhold my vote. If permitted to vote, I should vote "yea."

Mr. VANDENBERG (when his name was called). On this vote I am paired with the senior Senator from Oklahoma [Mr. THOMAS]. Not knowing how he would vote, I withhold my vote.

The roll call was concluded.

Mr. FRAZIER (after having voted in the affirmative). On this amendment I have a special pair with the senior Senator from Maryland [Mr. TYDINGS]. Therefore I withdraw my vote. I understand if the Senator from Maryland [Mr. TYDINGS] were present he would vote "nay." If I were at liberty to vote, I would vote "yea."

Mr. FESS. The Senator from West Virginia [Mr. HATFIELD] is necessarily detained on official business. He is paired with the Senator from Arkansas [Mrs. CARAWAY].

Mr. LEWIS. I desire to announce that the Senator from Ohio [Mr. BULKLEY], the Senator from Arkansas [Mrs. CARAWAY], the Senator from Georgia [Mr. RUSSELL], and the Senator from Colorado [Mr. COSTIGAN] are necessarily detained from the Senate on official business.

I also wish to announce the following general pairs:

The Senator from New York [Mr. COPELAND] with the Senator from Delaware [Mr. HASTINGS];

The Senator from South Dakota [Mr. BULOW] with the Senator from Connecticut [Mr. WALCOTT];

The Senator from New York [Mr. WAGNER] with the Senator from Missouri [Mr. PATTERSON]; and

The Senator from California [Mr. McABOOL] with the Senator from Vermont [Mr. DALE].

I wish further to announce that if the Senator from Arkansas [Mrs. CARAWAY] were present, she would vote "aye."



I wish further to announce that if the Senator from Arkansas [Mrs. CARAWAY] were present, she would vote "aye."

The result was announced—yeas 14, nays 50, as follows:

YEAS—14			
Bone	McGill	Overton	Trammell
Cutting	Neely	Pope	Wheeler
Dill	Norris	Reynolds	
Long	Nye	Shipstead	
NAYS—50			
Adams	Carey	Harrison	Murphy
Ashurst	Connally	Hayden	Reed
Austin	Couzens	Johnson	Robinson, Ark.
Bachman	Dickinson	Kean	Schall
Bailey	Dieterich	Kendrick	Sheppard
Bankhead	Duffy	Keyes	Smith
Barbour	Erickson	King	Steiner
Barkley	Fess	Logan	Thomas, Utah
Black	Fletcher	Loneragan	Van Nuys
Bratton	George	McCarran	Walsh
Brown	Goldsborough	McKellar	White
Byrd	Gore	McNary	
Byrnes	Hale	Metcalf	
NOT VOTING—31			
Borah	Costigan	La Follette	Stephens
Bulkeley	Dale	Lewis	Thomas, Okla.
Bulow	Davis	McAdoo	Townsend
Capper	Frazier	Norbeck	Tydings
Caraway	Glass	Patterson	Vandenberg
Clark	Hastings	Pittman	Wagner
Coolidge	Hatfield	Robinson, Ind.	Walcott
Copeland	Hebert	Russell	

So Mr. LONG's amendment was rejected.

Mr. SHIPSTEAD. Mr. President, I send to the desk an amendment which I offer.

The VICE PRESIDENT. The amendment will be read for the information of the Senate.

The LEGISLATIVE CLERK. On page 7, after line 22, it is proposed to insert the following:

SEC. 7. Section 604 of the Revenue Act of 1932 is hereby repealed on articles selling for less than \$40.

Mr. SHIPSTEAD. Mr. President, I shall take but a moment to explain the purpose of the amendment. In the Revenue Act of 1932 fur clothing was the only wearing apparel taxed. In that act it was taxed at 10 percent of its sale price as sold by the manufacturer. I assume the tax on fur clothing was adopted by the Congress on the assumption that furs are a luxury. As a matter of fact, in a considerable portion of the country furs are a necessity of life on account of the cold weather in the wintertime. A farmer who buys a sheep-lined fur coat must pay a 10-percent tax on that coat. Men and women, and children going to school in the wintertime, wading through the snow, must have whatever fur clothing they can buy. For that reason I have offered the amendment to exempt from this tax any fur garment selling for less than \$40. That is about the maximum that poor people pay for fur clothing. I am sure it was not the intention of the Congress in enacting this law to put a tax upon the winter clothing of people who pay less than \$40 for fur garments.

Mr. HARRISON. Mr. President, this tax on fur was levied to raise revenue. There are many very objectionable nuisance taxes that we wish we could repeal, but if we start on that we will lose the revenue. Under the present law, goods containing furs are not taxed unless the fur is the chief component.

I hope this amendment will be voted down.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Minnesota [Mr. SHIPSTEAD].

The amendment was rejected.

Mr. NYE. Mr. President, I offer the amendment, which I send to the desk.

The VICE PRESIDENT. The Senator from North Dakota offers an amendment, which will be stated.

Mr. NYE's amendment is to insert at the proper place the following new section:

SEC. —. (a) Subsection (a) of section 12 of the Revenue Act of 1932 is amended by striking out the last eight paragraphs thereof and inserting in lieu thereof the following:

"\$22,460 upon net incomes of \$100,000; and upon net incomes in excess of \$100,000 and not in excess of \$200,000, 50 percent in addition of such excess.

"\$72,460 upon net incomes of \$200,000; and upon net incomes in excess of \$200,000 and not in excess of \$300,000, 52½ percent in addition of such excess.

"\$124,956 upon net incomes of \$300,000; and upon net incomes in excess of \$300,000 and not in excess of \$400,000, 55 percent in addition of such excess.

"\$179,960 upon net incomes of \$400,000; and upon net incomes in excess of \$400,000 and not in excess of \$500,000, 57½ percent in addition of such excess.

"\$237,460 upon net incomes of \$500,000; and upon net incomes in excess of \$500,000 and not in excess of \$600,000, 60 percent in addition of such excess.

"\$297,460 upon net incomes of \$600,000; and upon net incomes in excess of \$600,000 and not in excess of \$700,000, 62½ percent in addition of such excess.

"\$359,960 upon net incomes of \$700,000; and upon net incomes in excess of \$700,000 and not in excess of \$800,000, 65 percent in addition of such excess.

"\$424,960 upon net incomes of \$800,000; and upon net incomes in excess of \$800,000 and not in excess of \$900,000, 67½ percent in addition of such excess.

"\$492,460 upon net incomes of \$900,000; and upon net incomes in excess of \$900,000 and not in excess of \$1,000,000, 70 percent in addition of such excess.

"\$562,460 upon net incomes of \$1,000,000; and upon net incomes in excess of \$1,000,000, 75 percent in addition of such excess."

(b) This section shall take effect as of January 1, 1933.

Mr. NYE. Mr. President, I am offering this amendment because I cannot help but be convinced that the vote recently recorded on the amendment offered by the Senator from Louisiana [Mr. LONG] brought some adverse votes by reason of the presence in that amendment of provisions dealing with inheritance taxes and gift taxes. The amendment which I have offered deals alone with income taxes; deals alone with incomes in excess of \$100,000 a year and graduates the scale of taxation from 55 percent on incomes of \$100,000 up to 75 percent on incomes of a million dollars or more per year.

Without taking any of the time of the Senate, I hope the Senate will accord the privilege of a record vote upon this amendment; and I ask for the yeas and nays.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from North Dakota, upon which the yeas and nays are requested.

The yeas and nays were not ordered.

Mr. BLACK. Mr. President, I desire to ask the Senator a question. Is this amendment offered as a substitute?

Mr. NYE. No; it is offered as an amendment to the pending bill.

Mr. BLACK. It is offered in addition to the other taxes?

Mr. NYE. It is.

Mr. BLACK. And provides an increase up to 75 percent?

Mr. NYE. It increases rates that now range from 48 to 55 percent to a range from 55 percent to 75 percent on incomes from \$100,000 up to \$1,000,000 a year.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from North Dakota.

The amendment was rejected.

Mr. LONG. Mr. President, I offer the amendment which I send to the desk. If there is any objection to this amendment, I do not want to urge it.

The VICE PRESIDENT. The Senator from Louisiana offers an amendment, which will be stated.

The LEGISLATIVE CLERK. It is proposed to insert at the proper place in the bill the following:

That all articles and commodities for sale or merchandise transported into any State or Territory wherein a tax is levied by such State or Territory upon the use, sale, consumption, storage, handling, or distribution within such State or Territory of any such commodity or commodities, or remaining therein for use, consumption, sale, storage, handling, or distribution within such State or Territory, shall upon arrival in such State or Territory be subject to the operation and effect of the laws of such State or Territory enacted in the exercise of its police power or otherwise, to the extent and in the same manner as though such commodity or commodities had been produced, distilled, refined, or manufactured in such State or Territory, and shall not be exempt therefrom by reason of being introduced therein in original packages or containers or otherwise.

Mr. LONG. Mr. President, at a national meeting of all the supervisors and tax collectors of the States they asked to have prepared and introduced a measure similar to the amendment which I have sent to the desk and asked to

have put on this bill, because it is very relevant. It will take me only a moment to explain it.

Many of the States have taxes on certain articles—as examples, tobacco and gasoline. In Louisiana, as an example, there is a tax on tobacco, and in Texas there is a tax on tobacco, and in Mississippi there is a tax on tobacco. If, however, one should go to Texarkana and ship the tobacco into Shreveport, then there is no tax, on the ground that that is interstate commerce; or if it is shipped from Shreveport, La., or New Orleans, La., over to Gulfport, Miss., they avoid paying either Mississippi or Louisiana the tax. So that interstate commerce is being used as a fraud to cheat the 48 States of their taxes.

The unanimous request of all of the tax-collecting agencies of the States was that we simply provide that the interstate-commerce clause shall not be used to defraud the States of their taxes but that when these commodities are shipped across State lines they shall be liable to pay the tax in the State the same as though they had been bought in the State.

I hope there will be no opposition to this amendment. I have discussed it with many of the Members of the Senate, particularly members of the Interstate Commerce Committee; and I hope the Senator from Mississippi will accept the amendment.

Mr. HARRISON. Mr. President, I am in sympathy with the purpose of this amendment, because I think the States that have adopted a sales tax must be protected from the contiguous States that have no sales tax. This matter, however, is now before the Interstate Commerce Committee of the Senate. They are giving some consideration to the proposal; and I hope it will not be included in this bill.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. LONG].

The amendment was rejected.

Mr. TRAMMELL. Mr. President, I have a short amendment which I desire to present.

The VICE PRESIDENT. The Senator from Florida offers an amendment, which will be stated.

The LEGISLATIVE CLERK. On page 1 it is proposed to strike out lines 3 to 6, inclusive, in the following words:

That section 629 of the Revenue Act of 1932 is amended by striking out the following: "or after June 30, 1933, in the case of articles taxable under section 617, relating to the tax on gasoline."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Florida.

Mr. TRAMMELL. Mr. President, this amendment merely involves the question of striking out the gasoline tax of 1 cent a gallon. The present law runs only to June 30 of this year, I think; and the provision which I seek to strike out extends the tax for a period of 1 year.

Mr. HARRISON. Yes; it extends the tax for a year. In other words, if the amendment of the Senator from Florida is adopted, we will lose \$137,000,000.

Mr. TRAMMELL. Mr. President, the States and the people who are contributing this money will be relieved of a very onerous and a very unjust tax, in many instances, if my amendment is adopted. We had quite a controversy over this matter a year ago. Prior to the enactment of this law levying a 1-cent tax, a great many of the States had not only practically preempted the field of taxation on gasoline and other fuels but they had already levied taxes that were almost prohibitive and certainly were exceedingly unreasonable and excessive. That was true in my own State and true in many other States.

In Florida we have to pay, under State exactions, 7½ cents per gallon on gasoline, as I understand, exclusive of the Federal tax of 1 cent a gallon. In addition to that, we have to contribute whatever the duty and the protection clause brings into the Treasury on account of the tariff which is written into this bill of 2½ cents a gallon on gasoline. We have a gasoline tax of 2½ cents a gallon in the nature of a tariff. Of course, that applies only to importations; but if it has any virtue, and is accomplishing any purpose that it is intended to accomplish, it necessarily helps to increase the price of gasoline to the consumer.

I notice that the committee states that this tax should be abandoned next year to the States. I think the time has already arrived for abandoning the tax. That is an acknowledgment on the part of the committee, found in its report, that the tax should be levied only for this one year, and then should be abandoned to the States. The only difference between the committee and myself is that I think the time has already arrived to discontinue this tax of 1 cent a gallon.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Florida [Mr. TRAMMELL].

The amendment was rejected.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. HAYDEN. Mr. President, on behalf of the junior Senator from New York [Mr. WAGNER], I desire to have the statement appear in the RECORD that he has been detained during the entire day in the preparation of the emergency public-works and industrial-control legislation, and for that reason has been unable to be present and vote.

#### NATIONAL MARITIME DAY

Mr. GEORGE. Mr. President, I ask that a joint resolution favorably reported today by the Committee on Commerce be laid before the Senate.

The VICE PRESIDENT. The joint resolution will be read.

The Chief Clerk read the joint resolution (S.J.Res. 50) designating May 22 as National Maritime Day, as follows:

Whereas on May 22, 1819, the steamship *The Savannah* set sail from Savannah, Ga., on the first successful transoceanic voyage under steam propulsion, thus making a material contribution to the advancement of ocean transportation: Therefore be it

Resolved, etc., That May 22 of each year shall hereafter be designated and known as "National Maritime Day", and the President is authorized and requested annually to issue a proclamation calling upon the people of the United States to observe such National Maritime Day by displaying the flag at their homes or other suitable places and Government officials to display the flag on all Government buildings on May 22 of each year.

Mr. GEORGE. I ask unanimous consent for the immediate consideration of the joint resolution.

The VICE PRESIDENT. Is there objection?

There being no objection, the joint resolution was considered by the Senate, ordered to be engrossed for a third reading, read the third time, and passed.

The preamble was agreed to.

#### ST. LAWRENCE SEAWAY—LETTER FROM J. ADAM BEDE

Mr. SCHALL. Mr. President, I am just in receipt of a letter from former Congressman J. Adam Bede, who was, while in the House, a member of the Rivers and Harbors Committee, and who has for many years past been an ardent advocate of the St. Lawrence seaway.

This letter contains many points that those who, through lack of information, are against this waterway, should read.

I ask unanimous consent that this letter may be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

HON. THOMAS D. SCHALL,

United States Senate, Washington, D.C.

DEAR SENATOR: I am writing you as to one sitting in darkness who may lead a nation into light.

There is pending in the Senate a proposed treaty with Canada for the completion of the St. Lawrence seaway, a self-liquidating project which need not take a dollar out of the Federal Treasury. A nominal toll on the tonnage of the Great Lakes will cover the maintenance and interest and also amortize the capital cost. This is believed to be the President's plan.

Why should anyone object to such a project? Why should even a Cape Cod Yankee complain, though his ancestry be Scotch? The seaway would cost him nothing and would bring ocean ships up a water stairway to Lake Superior, 602 feet above the ocean, and into the very heart of the continent, where the transportation troubles begin.

Through such a seaway the ores and agricultural products of the West would be exchanged for the industrial products of the East. What harm could come from unloading a few million barrels of flour in the harbors of New York, Boston, Baltimore, and Philadelphia? Vegetables cannot bear the long rail haul, but they would move by water. What is there wrong about it in morals or economics? If New England is afraid to trade with the West—with her own, for we are very largely of her stock—she should tear



down Fanuel Hall and join the Irish Free State. I once asserted that the Pilgrims never would have landed in New England if they hadn't been seasick, but they had to get off somewhere. So they huddled in the shadow of a great rock in a weary land. They are a good but parochial people who think in counties instead of continents. They ought to use their home State for a post-office address and be Americans for a while. New England is blind to her own interests if she does not support the seaway; and why did the West come into the Union if not that she might trade with her own? Free trade among the States is a cardinal principle of our Government, and yet the East is eager to maintain barriers against it. She should reread the Constitution before she refuses us the right to buy our own freedom.

## RAILROAD OPPOSITION

Then, too, the railroads oppose the seaway, although it will prove to be a feeder for them. We gave them their property through land grants, bonuses, Government contracts, gifts of terminals, town sites, and in other ways, but they have made a failure of their undertaking. They have gambled in Wall Street, wrecked their own properties, robbed the public, and now stand in the bread line asking dole under the pauper's oath, while in the same breath they tell their benefactors how to run the world.

"Everybody knows that the railroads are up against new conditions which for years they refused to recognize, and no sane person wishes them any harm. But why should the railroads strike at the waterways which are really their helper and handmaid? The interlakes waterway has made it possible to move more than a billion tons of iron ore from the Minnesota mines which otherwise would still be lying buried in our hills. The railroads carried this vast tonnage from the mines to Lake Superior, and from Lake Erie to Pittsburgh, and then distributed the finished product. They have received several billion dollars in freight charges, and that isn't all. Our ores have reduced the cost of their locomotives, rails, and all other equipment. And still, backed by sordid wealth without a soul, they fight the seaway. They have kept experts, economic prostitutes, who will gladly predict ruin while you wait and endeavor to turn back the hands of time for a price."

The present depression will not always endure, and the railroads will be in hell or on high before the seaway can function. So they are only borrowing unnecessary trouble. In another decade the country will be crying for transportation that it can't buy unless not only the seaway but, also, our internal waterways are pushed to an early completion.

And notwithstanding all the railroad propaganda against competing automotive vehicles, airways, waterways, and pipe lines, the freight and passenger revenues of the railroads have both greatly increased during the period of these innovations.

For the 5 years 1911 to 1915, inclusive, the passenger revenues of all the roads were \$3,268,113,000; and for the 5 years 1927 to 1931 they had increased to \$4,027,174,000, though including 2 years of the depression.

In the same 5-year periods the freight revenues were: 1911 to 1915, \$9,932,105,000; and 1927 to 1931, \$21,452,677,000.

The truth is that the auto, truck, and bus have helped the railroads by the vast increase of traffic their manufacture has created, and by the unprofitable short-haul freight and passenger business of which they have relieved the rails. The railroads have carried fewer passengers, but they have carried them farther, and the all-night Pullman passengers, often on special-fare trains, are the cream of the trade. The profitable through freight also moves by rail.

If the railroad companies cannot successfully manage the properties which the public gave them, they should not penalize their benefactors for their own shortcomings. Every step of progress they have made has been forced on them—the prohibition of rebates and passes, the adoption of safety brakes and couplings, installation of safety devices, the use of refrigerated cars, and many more. In the heyday of their power they were as ruthless as any feudal lord that ever oppressed a bewildered tenant, and they cared no more for the statutes of a State than a tomcat cares for a marriage license. Their slogan was: "L'état, c'est moi."

They pay no debts but liquidate one stock or bond issue with another, and gamble in their own securities on inside information. If they would run Wall Street through a wringer they would have a waterway of their own.

The modern railroad manager is merely a thing in the hands of a big banker, a sort of "jimmy" with which high finance breaks into the treasure box of the people. And all of these "things" are against the St. Lawrence seaway which will have no stock to gamble in.

## FEDERAL AID TO COMMERCE

It is illuminating to know how much the Government has appropriated for rivers and harbors and where it has been spent. The following table shows that those who are now complaining loudest have received the most:

Cost of river and harbor work to June 30, 1932

	New work	Maintenance
RIVER AND HARBOR WORK		
Atlantic coast harbors.....	\$276, 208, 555.85	\$83, 627, 913.57
Gulf coast harbors.....	85, 811, 659.54	51, 843, 300.30
Pacific coast harbors.....	67, 864, 446.37	25, 315, 488.76
Mississippi River system.....	377, 227, 994.18	61, 174, 188.28

Cost of river and harbor work to June 30, 1932—Continued

	New work	Maintenance
RIVER AND HARBOR WORK—continued		
Intracoastal waterways.....	47, 813, 948.41	\$8, 740, 093.35
Great Lakes.....	154, 798, 520.23	40, 509, 230.84
Inland waterways.....	38, 402, 939.10	17, 137, 604.55
Hawaii harbors.....	9, 410, 648.78	616, 611.79
Alaska harbors.....	1, 614, 388.19	315, 608.61
Puerto Rico harbors.....	2, 671, 061.57	529, 429.66
Sacramento River, Calif.....	381, 814.93	2, 789, 879.49
	1, 062, 210, 977.15	293, 666, 324.17
FLOOD-CONTROL WORK		
Sacramento River, Calif.....	11, 701, 845.58	313, 888.13
Mississippi River and tributaries.....	219, 916, 901.42	68, 122, 005.33
Emergency work on tributaries of Mississippi River.....	1, 391, 798.74	844, 932.13
	233, 010, 545.74	59, 280, 825.59

This does not include the Panama Canal which was formally completed June 30, 1914, at a cost declared by the Bureau of Efficiency to be \$525,812,661.

Here are a few itemized accounts:

New York Harbor and channels.....	\$58, 393, 978
Philadelphia Harbor and Channel.....	52, 807, 596
Baltimore Harbor and Channel.....	13, 633, 490
New Orleans and mouth of Mississippi.....	35, 629, 705
Houston Channel.....	16, 139, 653
Portland, Oreg., Columbia River.....	11, 483, 591
Albany, N.Y., and Hudson River.....	18, 265, 494
Buffalo.....	8, 688, 671

## EASTERN CITIES OPPOSE SEAWAY

Having received vast subsidies themselves, the Atlantic seaboard cities and industries now turn against the Midwest in its distress. The lower Mississippi valley and the Gulf cities have been the beneficiaries of Federal munificence, not only in river and harbor improvements but in flood control as well, and in the Panama Canal which gives them the commerce of the Pacific Coast from two continents and has opened up a large Oriental trade. These facts, when properly presented, receive a favorable response and there is almost universal support for the seaway in the South. The Coastal Canal from Boston to Corpus Christi, now more than half completed, is another factor which moves the Dixie Democrats to a reciprocal friendship for the marooned millions in the landlocked West.

We helped to build the canal that has made Houston the metropolis of Texas, the jetties in the Mississippi that put New Orleans forever on the map, and the channels that brought the ocean to Mobile. Their people should certainly be responsive to our appeals.

While a member of the Rivers and Harbors Committee long ago I personally urged the deepening of the Delaware River to take Philadelphia off the Schuylkill and put her on the ocean. And now she bitterly fights the claims of the Great Lakes cities that merely ask permission to build, at the expense of their own commerce, a channel which will give them access to the sea.

New York City is perhaps the worst of the seaboard babies crying out so lustily against the rights of the inland empire. It is boastfully asserted that she pays 30 percent of our national taxes, and that we must not burden her people with the seaway. We do not ask her for a dollar. We helped to build her harbor and take Hell Gate out of the East River channel, and now if she has stolen herself into bankruptcy we merely ask her permission that we may build a channel of our own.

But does New York pay 30 percent of our national taxes? Is she not merely the keeper of the national tollgate, taking her rake-off as our commerce passes by? We make no complaint, for great cities in so great a country must needs be, but let no such huddle of humanity forget its creator or its redeemer. Only for the hinterland Manhattan Island would be nothing but a fishing village and would have to send to Jersey for bait.

## SOME PERTINENT FACTS

The Midwest is farther from deep-water navigation than any other agricultural area in the world.

The Panama Canal has aggrandized the seaboard cities and penalized the prairie States, causing them to lose both commerce and Congressmen.

We need lower freight rates, lower interest rates, and lower taxes. The last we can secure for ourselves; for the others we must look to the Government.

The Seaway would put the immediate Northwest in the garden area of the Atlantic cities and would give back to us what the Panama Canal has taken away.

No coast city will be robbed of its commerce but have it quickened instead. The chief use of the seaway will be for coastwise trade.

The internal commerce of the United States is greater than the commerce of all the rest of the world combined, and we merely ask permission to increase its volume by trading with our own.



We have gladly helped to build a hundred harbors on every shore and now seek only economic emancipation to be bought and paid for by ourselves.

New York gets the power and pays for it. The world gets the seaway and pays for it from the commerce that uses it. So nobody gets hurt.

The certain coming of the seaway would allay much of the spirit of revolt in the West. It would immediately cause large private investments for harbor facilities, thus employing thousands of laborers who have long been in distress. The mere announcement that the treaty has been ratified would change the psychology of many millions of people.

There are some sincere friends of the seaway who are opposed to the treaty because of its provisions affecting the flow of water from Lake Michigan for the use of the barge canal to the Gulf, but some satisfactory understanding with them can undoubtedly be reached.

It is a stock argument to say that the canal will be frozen half the year and will therefore be useless. The average open-navigation season for a long period of years on the Great Lakes has been more than 7½ months, and more tonnage passes through the channels at Detroit than transits any other point on the globe.

The cost of the project is not of great importance so long as we pay it ourselves. But it may be well to say that at present prices of materials and labor the work in the International section, which is the real seaway, will not be far either way from \$100,000,000. The engineer estimates are based on 1926 prices and are probably 25 percent above present cost. Most of the other work provided for in the treaty would be done sometime whether the seaway is constructed or not, and much of the work in the estimates is already done, for which each Government is properly credited.

Canada has a friendly premier with a parliament still held in session awaiting the treaty. Now is our time to act. A delay till next winter might mean for several years if in the meantime there should come any change in the Canadian Government.

For half a century the people of the West have been looking and longing for the sea. Hope deferred maketh the heart sick. So last year the worm turned, and although Minnesota had never voted Democratic for President before, Roosevelt carried 86 of its 87 counties, and the one that failed him is up on the north shore of Lake Superior, where a moratorium is considered merely an extension of the hunting season.

It was a real political revolution and demonstrates that the people want action. If Roosevelt gives us the seaway we shall hark back to the War of the Roses and declare that "Now is the winter of our discontent made glorious summer by this son of York."

I hope you will use your great influence to the utmost in our behalf in this crisis, which to us is a supreme occasion.

Sincerely,

J. ADAM BEDE.

DULUTH, MINN., May 5, 1933.

#### GUARANTY OF DEPOSITS IN TEXAS STATE BANKS

Mr. SHEPPARD. Mr. President, I present for publication in the RECORD a statement entitled "Sixteen Years of Guaranty of Deposits in Texas State Banks, January 1, 1910, to January 1, 1926", by Hon. Thomas B. Love, former Commissioner of Insurance and Banking for Texas, and former Assistant Secretary of the Treasury.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

#### SIXTEEN YEARS OF GUARANTY OF DEPOSITS IN TEXAS STATE BANKS, JANUARY 1, 1910, TO JANUARY 1, 1926

(A statement based on official records compiled by Thomas B. Love, of Dallas, Tex., former commissioner of insurance and banking for Texas, and former Assistant Secretary of the Treasury.)

During the panic of 1907 nearly all of the banks of Texas were forced to impose upon themselves the limit of paying to their depositors only \$10 in any one day; and, as a result, there was much agitation for some system of safe and adequate protection of the depositors in the Texas State banks.

In the fall of 1907 the Dallas News opened and led for more than a year a brilliant fight for a depositors' guaranty fund law. Hon. Thomas Mitchell Campbell was Governor of Texas then, and I was commissioner of insurance and banking, and both of us did everything possible to promote such legislation. Hon. C. M. Cureton, then a member of the Texas House of Representatives and now chief justice of the supreme court, was the author of the depositors' guaranty fund law which was enacted by the legislature of 1909 and was put into operation January 1, 1910.

It has been repeatedly stated that the guaranty of bank deposits in Texas "proved a failure"; and in 1932 Mr. J. W. Pole, then Comptroller of the Currency, testified before the House Banking and Currency Committee that the Texas guaranty of deposits law resulted in a "deficit of \$16,000,000." Mr. Pole was mistaken. Every depositor in every guaranty-fund bank in Texas was paid in full. There was no deficit, but a substantial surplus was distributed among the banks when the fund was wound up.

This law remained in effective operation for exactly 16 years, or until January 1, 1926; and the undeniable official records show that during the 16 years of its operation it protected absolutely, without the loss of a penny to any depositor, all of the deposits in several hundred Texas State banks (averaging more than 800 throughout the period), and that the cost of the guaranty to the

banks averaged about fifty-five one hundredths of 1 percent on their deposits for each year, or about \$900 per year per bank; and the records prove that these 800 and more State banks, during these 16 years when their depositors were absolutely guaranteed against loss, yielded larger profits to their stockholders than did the hundreds of national banks of Texas, which provided no such guaranty for their depositors during the same period.

Nominally, this law remained on the statute books until it was repealed in 1927; but it was effectually wrecked and rendered nugatory by the legislature of 1925, which passed an act providing that any of the banks in the system, all of which had voluntarily agreed to mutually guarantee the depositors of all, might be released from its obligation and quit the guaranty-fund system by giving an indemnity bond for the protection of its depositors.

The question is asked: "Why was the law repealed?" The answer is that some of the larger banks in the system, which were called upon to pay substantial assessments during the early years of the 1920's, became convinced that the guaranty fund, which had built up their deposits and business, would be unnecessary to maintain their deposits in the future; and that by getting out of the system they could save the cost of the guaranty and add that much to the substantial profits they were earning after paying the cost of the guaranty. Consequently they maneuvered the passage of the bill referred to, permitting banks to quit the system, and immediately following the passage of this act, the number of guaranty-fund banks was reduced from 829 at the beginning of 1925 to 104 in 1926 and to 34 in 1927.

It is significant that the State bankers, who led the movement to dissolve the Texas guaranty fund system in 1925, are today heartily supporting the proposal to provide for a system of Federal indemnity of depositors in all banks.

#### GROWTH IN NUMBERS OF THE TEXAS GUARANTY FUND BANKS

The records of the State banking department at Austin show that the number of banks whose deposits were guaranteed by the bank guaranty law, at the beginning of each of the 16 years that the law operated were as follows:

1910.....	515
1911.....	627
1912.....	698
1913.....	744
1914.....	849
1915.....	849
1916.....	778
1917.....	785
1918.....	821
1919.....	838
1920.....	907
1921.....	984
1922.....	864
1923.....	915
1924.....	911
1925.....	889

Thus the guaranty-fund banks increased from 515 at the beginning in 1910 to 889 in 1925, a gain of over 72 percent.

It will be found by striking an average that the deposits in 818 Texas banks were guaranteed under the law for each of the 16 years.

#### GRWTH IN DEPOSITS OF THE TEXAS GUARANTY-FUND BANKS

The amount of deposits in these guaranty-fund banks protected by the law at the beginning of each of the 16 years was as follows:

1910.....	\$37,857,732
1911.....	47,058,812
1912.....	49,835,246
1913.....	78,153,412
1914.....	73,837,993
1915.....	55,059,627
1916.....	74,747,432
1917.....	123,011,538
1918.....	167,868,140
1919.....	126,386,933
1920.....	268,970,780
1921.....	218,185,710
1922.....	179,145,391
1923.....	201,303,939
1924.....	235,553,753
1925.....	241,377,754

It will be noted that these figures grew from \$37,857,732 in 1910 to \$241,377,754 in 1925, a gain of more than 500 percent. It will likewise be noted that the average deposits per bank increased during the period from \$73,510 at the beginning to \$166,430 at the end of the 16-year period, a gain of more than 125 percent, notwithstanding a gain during the same period of over 72 percent in the number of banks.

#### GROWTH OF DEPOSITORS' GUARANTY FUND

The banking department records show that the amount of cash in the Texas bank-guaranty fund at the end of each of the 16 years involved was as follows:

1910.....	\$50,032.58
1911.....	121,442.76
1912.....	135,238.31
1913.....	176,986.31
1914.....	239,544.52
1915.....	260,335.32
1916.....	247,228.61



1917	\$217,824.60
1918	295,891.04
1919	403,403.70
1920	463,246.28
1921	445,738.08
1922	347,212.17
1923	654,848.37
1924	441,106.82
1925	746,039.78

The average amount remaining in the fund was \$384,972 at the end of each of the 16 years. The records also significantly show that after the guaranty fund law had been practically destroyed by the legislature of 1925, the guaranty fund, as a result of recoveries from liquidations of failed banks, continued to grow for several years, mounting to \$928,434.57 for 1926, \$1,041,562.79 for 1927, and \$1,421,578.49 for 1928.

But the amount in the guaranty fund at the end of each year reflected only a minor proportion of the relief afforded to depositors during the year, for during these 16 years the records show that there was paid to depositors in failed guaranty-fund banks in Texas a total of \$17,670,520, or an average per year of \$1,104,408, being an average of \$1,350 for each bank in the system per year. These figures include payments made after 1925 on account of liabilities which accrued while the system was in operation.

#### THE COST OF DEPOSIT GUARANTY IN TEXAS

The amount of money paid to depositors in failed banks each year is shown by the records to be as follows:

1910	( <sup>1</sup> )
1911	( <sup>1</sup> )
1912	( <sup>1</sup> )
1913	( <sup>1</sup> )
1914	( <sup>1</sup> )
1915	\$35,982.93
1916	83,018.35
1917	( <sup>1</sup> )
1918	( <sup>1</sup> )
1919	123,606.90
1920	227,114.54
1921	4,450,425.58
1922	2,726,532.22
1923	1,522,735.77
1924	2,159,424.81
1925	3,797,021.73
1926	974,060.54
1930	255,677.71
1931	314,919.00

It will be noted that there were no losses and that nothing was paid out for the first 5 years of the period of the fund's existence, or until 1915; and also that nothing was paid out during the years 1917 or 1918.

But we are told that this system of protecting depositors in Texas State banks imposed an impossible cost burden upon the banks in the system, and that the legislature of 1925 was justified in wrecking the system by statute in order to relieve the banks of this great burden, and recently I heard a Dallas business man tell a legislative committee at Austin that if this bank guaranty law had not been repealed it would have forced every bank in Texas to close before now.

Let us see what this protection to depositors did cost the banks in the system.

It is not difficult to ascertain precisely what it cost. The banking department records show that the total gross amount contributed by all the banks to the Texas depositors' guaranty fund from first to last was \$18,038,060.22, or an average of \$1,127,379 per year for the 16-year period, or an average gross cost per bank per year of \$1,378.

But these figures show the gross cost from which must be deducted the refunds—the amount of the guaranty fund distributed back to the banks as the liquidation of failed banks progressed, which the records show were approximately \$6,000,000, first and last. Deducting this approximately \$6,000,000 refunded to the banks from the approximately \$18,000,000 contributed in gross by them, leaves as the net cost to the banks for the protection of the depositors in guaranty-fund banks for the 16-year period approximately \$12,000,000, or an average net cost per year for all the banks of approximately \$914, or a little over \$75 per month.

It will be found that this cost averaged for the period a little more than one half of 1 percent of the deposits guaranteed, or, to be exact, fifty-five one hundredths of 1 percent plus.

#### GROWTH IN PROFITS AND SURPLUS OF TEXAS GUARANTY-FUND BANKS

During this 16-year period the capital surplus and undivided profits of the guaranty-fund banks of Texas are shown by the following table:

	Capital	Surplus	Profits
1910	\$13,612,500.00	\$1,306,688.53	\$1,193,094.21
1911	16,519,000.00	1,904,444.35	1,536,759.14
1912	19,174,500.00	2,498,935.46	2,176,218.21
1913	21,882,500.00	4,270,499.57	2,209,735.39
1914	26,345,500.00	5,684,027.83	2,812,296.91
1915	25,533,000.00	5,564,213.75	2,364,726.71

<sup>1</sup> Nothing.

	Capital	Surplus	Profits
1916	\$25,057,000.00	\$5,989,209.38	\$2,719,980.53
1917	26,510,500.00	6,276,029.20	4,199,832.48
1918	28,096,125.00	7,782,917.96	3,618,391.01
1919	30,472,000.00	9,200,117.30	3,471,707.46
1920	34,787,100.00	10,964,000.73	4,248,890.07
1921	45,408,500.00	13,628,975.76	7,809,817.37
1922	44,852,200.00	14,005,236.63	3,525,520.96
1923	41,574,200.00	12,150,197.55	5,897,632.21
1924	39,569,477.18	11,516,967.96	4,008,443.00
1925	38,370,200.00	10,999,536.01	3,790,101.20
1926	11,959,000.00	2,582,202.81	901,210.32

#### GROWTH IN PROFITS COMPARED WITH THAT OF TEXAS NATIONAL BANKS

During the 16-year period the average surplus (including undivided profits) of the guaranty-fund banks of Texas, averaging more than 800 in number, increased by more than 210 percent, in addition to the dividends paid to their stockholders during the period; and the percentage of surplus (including undivided profits) to capital stock of the average guaranty-fund bank increased during the same period from 18.3 percent at the beginning to 38.5 percent at the end, being more than doubled.

During the same 16-year period the records of the Comptroller of the Currency show that the average surplus (including undivided profits) of the national banks of Texas, averaging more than 500 in number for each year of the period, was increased by only 47 percent, aside from the dividends paid to stockholders during the period and the percentage of surplus (including undivided profits) to capital stock of the average Texas national bank decreased during the same period from 68 percent at the beginning to 62 percent at the end.

#### THE RECORDS PROVE SUCCESS, NOT FAILURE

The above figures have been furnished me by the State Banking Department of Texas and are undoubtedly authentic.

The depositors' guaranty-fund system in Texas was in no sense a failure but a striking success. It made the banks safe for the depositors and at the same time profitable for their stockholders.

#### EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

#### EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

#### UNITED STATES DISTRICT JUDGE—HON. HEARTSILL RAGON

The VICE PRESIDENT. The Chair lays before the Senate a message from the President of the United States, which will be read.

The legislative clerk read as follows:

*To the Senate of the United States:*

I nominate HEARTSILL RAGON, of Arkansas, to be United States district judge, western district of Arkansas, to succeed Frank A. Youmans, deceased.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE,

Washington, May 12, 1933.

Mr. ROBINSON of Arkansas. Mr. President, the nominee in this case is a distinguished Member of the House of Representatives. Under the precedents that have prevailed here, I ask unanimous consent for the immediate consideration of the nomination.

The VICE PRESIDENT. Is there objection?

Mr. McNARY. Mr. President, that request is conformable to the custom of the Senate, and I have no objection.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

Is it desired that the President be notified?

Mr. COUZENS. It is not desired that he be notified, Mr. President.

The VICE PRESIDENT. The nomination is confirmed.

There are no further messages from the President. Reports of committees are in order.

#### REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Military Affairs, reported back favorably sundry nominations in the Army.

Mr. FLETCHER, from the Committee on Banking and Currency, reported back favorably the nomination of Eugene R. Black, of Georgia, to be a member of the Federal Reserve Board for the unexpired portion of the term of 10 years from August 10, 1928, vice Eugene Meyer resigned.

The VICE PRESIDENT. The nominations will be placed on the calendar.

Are there further reports of committees? If not, the calendar is in order.

#### THE CALENDAR

The legislative clerk announced Executive C (72d Cong., 2d sess.), a treaty between the United States and the Dominion of Canada for the completion of the Great Lakes-St. Lawrence deep waterway, signed on July 18, 1932, as first in order on the calendar.

Mr. McNARY. I ask that the treaty go over.

The VICE PRESIDENT. The treaty will be passed over.

#### UNDER SECRETARY OF THE TREASURY

The Chief Clerk read the nomination of Dean G. Acheson, of Maryland, to be Under Secretary of the Treasury.

Mr. COUZENS. Mr. President, it will take considerable time to discuss this nomination, and I note that the Senator from Maryland [Mr. TYDINGS] is not here. For that reason I think the nomination ought to go over.

Mr. HARRISON. Mr. President, may I say that I have conferred just today with the Secretary of the Treasury. He is very anxious that this matter should be disposed of. On several prior days the nomination has come up and been put over. I have never heard any objection to this gentleman. I am sure the Senator from Maryland will be very glad if the nomination is taken up and disposed of, and I hope we can dispose of it this afternoon.

Mr. COUZENS. Mr. President, I have considerable to say about the nomination as a result of the hearings held by the Finance Committee. If the Senator from Mississippi desires to proceed with it, I will not delay the matter, but as long as the nominee was proposed by the Senator from Maryland [Mr. TYDINGS] I thought he ought to be here to respond to the complaints that I am going to make. I am willing to take up the nomination at this time, if the Senator desires.

Mr. HARRISON. I should like to have the Senate take it up now and dispose of it.

Mr. COUZENS. If the Senator wishes to go ahead with the matter tonight, very well.

Mr. HARRISON. I should like to have us go ahead with it tonight.

Mr. COUZENS. Mr. President, on May 5 Mr. Acheson appeared before the Finance Committee. I am not very well prepared to discuss the matter, because I did not expect to go ahead with it at this late hour. What I am going to say has more to do with the policy of appointing Mr. Acheson than with anything that pertains to him personally. I do not know him personally, and therefore have no objection to him as a man; but the facts are that the Treasury Department is now being manned with men whom I believe to be unable because of their former connections to serve the public properly.

When the nomination of Secretary Woodin was before the Senate, I raised the question of his former connections, and expressed some doubt as to the wisdom of his confirmation. During my term in the Senate I have protested against filling the Treasury with officials who are in a position to obtain benefits for themselves, to favor their former clients, and to do favors for special groups.

There is no department of the Government where such secrecy is maintained; there is no department of the Government where the records are so inaccessible. Every Senator who has been here during the consideration of a tax bill knows that repeated efforts have been made to make income-tax returns public records. Every Senator who has been here for some time knows that at one time we enacted a law making the amount of the income taxes payable by citizens a matter of public record. That law was made a kind of a joke of by the administration, and when I say that I say it entirely as a nonpartisan, because the Repub-

licans were then in power. What happened was that literally thousands, and hundreds of thousands, and, if I am not mistaken, millions of names were printed in the newspapers, showing the amount of taxes each individual had paid, when it was well known that that was not the intent of the Congress. What Congress intended, so far as I could interpret the intention, was that these records might be open so that the public might examine them to the same extent that assessments in municipalities are open records, where one citizen may look at the records to see the extent of the assessment on his neighbor's property.

Mr. President, for years Congress has endeavored to enact legislation so that the Government would not be defrauded by the filing of false returns, and in cases where the examiners or the administrative officers were not able to protect fraudulent or erroneous income-tax returns, then the public might advise the administrative officials of the opportunities of omissions from income-tax returns.

Some years back the Senate appointed a special committee, made up of the former Senator from Indiana, Mr. Watson, the late Senator from New Mexico, Mr. Jones, the former Senator from Kentucky, Mr. Ernst, the Senator from Utah, Mr. King, and myself. We spent a great deal of time and Government money investigating the operations of the Bureau of Internal Revenue.

During the progress of the examination thousands of income tax returns were examined. Many memoranda were found in the records indicating that special consideration was to be given certain taxpayers. While I am on that subject, I may say that we have now pending before the Finance Committee a nomination for Commissioner of Internal Revenue, which, by the way, is in my judgment a much more important appointment than the appointment of the Under Secretary of the Treasury. The two, considered together, indicate clearly to me, after the confirmation of Mr. Woodin, that there is to be an administration of the Bureau of Internal Revenue, and perhaps of the Treasury Department as a whole, by men who have specific and definite interests in being there. I am not going far enough to charge that these men are going to be dishonest, I am not going far enough to say that they are dishonest, or that they have ever been so, but I submit that it is not human for the administrators in the Treasury Department thoroughly and honestly to administer the income tax section in particular without a recognition of their former clients and a recognition of their friend in arriving at tax assessments.

Mr. President, that in itself does not necessarily mean favoritism or dishonesty, because there are hundreds of thousands of close cases, cases where the Bureau might decide one way or the other and the decision would be considered as honest. There are thousands and thousands of rulings in the Bureau of Internal Revenue today which have never been published. There are thousands of rulings which have been rendered favoring one taxpayer when another taxpayer with a like set of circumstances has not been able to receive the benefit.

Hundreds of millions of dollars of taxes have been lost to the Federal Government because of the secrecy maintained in the Bureau of Internal Revenue with respect to income taxes. The evidence the special committee took clearly showed that questions involving matters like oil discoveries, the depletion of oil wells, depreciation, obsolescence, matters of that kind, were decided in dozens of different ways, dependent upon who the taxpayer was or who handled the case in the Bureau.

Not only that, but thousands of employees who were in the Bureau during a large part of the period of the administration of the income-tax law have left the Bureau and have gone out into private practice and solicited cases which they knew were under consideration in the Bureau. The senior Senator from Virginia [Mr. GLASS], who was once a famed Secretary of the Treasury, has told the Senate of cases where officials or employees of the Bureau of Internal Revenue have deliberately overassessed citizens, and at the same time notified their coconspirators or colleagues outside of the Bureau that the overassessments were being made.



There are dozens of cases where a taxpayer receives a notice from the Bureau of Internal Revenue that an additional assessment has been made, and at the very moment the taxpayer receives the special assessment notice a tax expert appears at his office and offers to take the claim.

Cases are of record where a taxpayer would ask the tax expert, or accountant, or lawyer, or engineer, "How did you know that I received this extra assessment?" And the solicitor has said, "Well, I had information from the Treasury Department that they were about to make the assessment, and I wanted to get here promptly in order to be retained."

There is evidence now before the Finance Committee just along that line. There is evidence now pending before the committee concerning the nomination of one man for the Treasury Department where, immediately upon a taxpayer receiving notice of a special assessment, this man or his associates appeared and asked for the business. There is evidence in volumes to that effect. Notes were found in the Treasury Department to this effect, "This is a Mellon institution", and no tax was to be assessed.

Mr. President, this clearly shows how important it is to have men administering the income tax laws who have had no outside affiliations or former connections with persons who might influence them or persons who might be benefited by their decisions.

Mr. Acheson appeared before the committee, I think on the 5th of May, and I read from the record. The senior Senator from Mississippi [Mr. HARRISON] was presiding, and he said:

Mr. Acheson, you have been nominated as Under Secretary of the Treasury, and the committee felt they wanted to look you over and might want to ask you some questions.

STATEMENT OF DEAN G. ACHESON

Mr. ACHESON. I am delighted to come up, Senator.

The CHAIRMAN. You are from Maryland, are you not?

Mr. ACHESON. Yes, sir; I have a place at Sandy Springs, Md.

The CHAIRMAN. How long have you lived there?

Mr. ACHESON. I moved out there in the spring of 1925.

The CHAIRMAN. Where did you come from to there? Where did you live before then?

Mr. ACHESON. I have a house in Washington. Perhaps if I begin at the beginning it would be better.

The CHAIRMAN. Yes.

Mr. ACHESON. I was born in Connecticut and lived there until after the war. Then I came down to Washington as secretary for Mr. Justice Brandeis and intended to stay only a short time with him, and I stayed 2 years, and then went into Judge Covington's law firm and practiced law ever since. I have lived in Georgetown and have a house there. Then I bought this place in Sandy Springs, and we live there a little more than half the year.

Senator COUZENS. What was your practice when you were with Judge Covington?

Mr. President, I want to point out that Judge Covington is a well-known Washingtonian, who, I understand, served in Congress at one time, and has made a great deal of money in practicing before the departments in Washington, and particularly before the Bureau of Internal Revenue. If I have made any error in that statement I stand willing to be corrected, because I am trusting somewhat to my memory.

Mr. HARRISON. The Senator might state that he has served as Chief Justice of the Supreme Court of the District.

Mr. COUZENS. Chief Justice of the District of Columbia; yes. I was making reference more particularly to how he had made his money.

Mr. BARKLEY. Mr. President, I think it ought to be said also that Judge Covington is engaged in the general practice of the law. He has not specialized, I think, in cases before the Treasury. He is recognized as a lawyer of ability, a former Member of Congress from Maryland, a former Chief Justice of the Supreme Court of the District, and he is engaged in general practice here.

Mr. COUZENS. I am not saying otherwise. I was coming to the fact that he represents many large corporations that have to do with legislation, and, if I remember correctly, represented Charles Mitchell when he was before the Banking and Currency Committee under investigation in the National City Bank case.

Mr. LONG. Mr. President, will the Senator yield?

Mr. COUZENS. I yield.

Mr. LONG. I have been out of the Chamber, and I inquire who else particularly besides Charles E. Mitchell has he represented—some other big corporations?

Mr. COUZENS. A great many.

Mr. LONG. Is he interested in the Morgan chain of banks or anything like that?

Mr. COUZENS. Not that I know of. I want to be perfectly frank. I have known Judge Covington for a long time; I know he was here during the Wilson administration; I know that he has a very large office and a great many clients. I am going to take up the question of his clients later on.

Mr. HARRISON. Mr. President, if the Senator will permit a further interruption, it must be admitted that Judge Covington's is one of the largest law firms here, and that it has many clients, some of whom are very large concerns. I do not think there is any denying that fact.

Mr. COUZENS. I am not denying it. I am not trying to hide anything, nor am I trying to make an improper case.

Mr. HARRISON. I understand.

Mr. COUZENS. I want to point out, before I get through, the connection that will inevitably exist between Judge Covington's office and the Treasury Department and other departments of the Government as the result of the appointment of Mr. Acheson. I am not saying there will be anything dishonest about it, but I am saying that the temptation is too great to have public offices filled with men with such previous connections.

Mr. BYRNES. Mr. President—

The PRESIDING OFFICER (Mr. CLARK in the chair). Does the Senator from Michigan yield to the Senator from South Carolina?

Mr. COUZENS. I yield.

Mr. BYRNES. I merely want to ask the Senator a question, and I think the same thought prompted the Senator from Mississippi. The Senator from Michigan would not want to create the impression that Judge Covington's firm was engaged solely in business of representing clients before the departments, but would admit that the firm has been one of the prominent law firms of this city engaged in the general practice as trial lawyers in the courts, not specializing merely in representing clients before the departments of the Government? I think the Senator will agree to that.

Mr. COUZENS. I think that is a correct statement. I am going to relate later on some connections of Judge Covington's office. I mention that not as a reflection upon Judge Covington himself, but I merely mention it because it was testified by Mr. Acheson that he had been connected with Judge Covington's office, and I think it is generally known as "the Covington firm."

Mr. BYRNES. Will the Senator yield further?

The PRESIDING OFFICER. Does the Senator from Michigan yield further to the Senator from South Carolina?

Mr. COUZENS. Certainly.

Mr. BYRNES. And did it not appear in the testimony that Mr. Acheson was formerly the clerk of Mr. Justice Brandeis?

Mr. COUZENS. I just read that.

Mr. BYRNES. I did not hear the Senator do so.

Mr. COUZENS. I quote further from the testimony of Mr. Acheson:

I have been almost everything, Senator. I think we have a considerable tax practice. I myself have done most of the international law work. I went with the firm for that purpose in 1922. Our firm was representing the Norwegian Government in an arbitration with the United States that took place under the old Permanent Court of Arbitration at The Hague, and I prepared that case, which took a little over a year, and went to The Hague and presented it to the court with Mr. Burling, the senior partner.

Senator COUZENS. Have you practiced before the Bureau of Internal Revenue?

Mr. ACHESON. Yes, sir; I have been frequently before the Bureau.

Senator COUZENS. Can you name offhand some of your clients?

Mr. ACHESON. It is hard to think of them now. Going backward—I am now representing Mr. James E. Davidson, of Bay City, Mich. That is my most recent thing. I was doing that up to a few days ago. Before that I represented Mr. Polk, publisher of the—

Senator COUZENS. Polk's Directory?

Mr. ACHESON. Polk's Directory. I represented the Bethlehem Steel Corporation in a case which originated—no, that did not originate in the Bureau. That was in the Court of Claims. These things have completely gone out of my mind.

Senator COUZENS. Perhaps you could get a list and give it to us later on, if it is more convenient?

Mr. ACHESON. That will be a very simple thing to do. They are largely individual taxpayers. There are some corporate taxpayers, but not very many.

Senator COUZENS. Are the cases still open or closed?

Mr. ACHESON. I think there are about three that are still open.

The CHAIRMAN. Do you recall those cases that are still open?

Mr. ACHESON. Yes; there may be more than three. The ones that are still open are Mr. James Davidson, an estate tax case. There is the case of one of the partners of Price Waterhouse, a comparatively small one, which is still open. There is the case of an individual, Daniel Altland, of Detroit, which is still open.

Senator COUZENS. How did you come to get all of these Detroit cases? Most of everything seems to come from Michigan.

Mr. ACHESON. Mr. Bonchroon, who is a partner of Price Waterhouse has been a friend of mine for a long time, and almost all the things he has here he sends to me.

The CHAIRMAN. Judge Covington, your law partner, was on the bench of the Supreme Court of the District here, was he not? He was chief justice?

Mr. ACHESON. Chief justice; yes, sir.

Senator BARKLEY. And a former Member of the House?

Mr. ACHESON. Yes.

Senator CONNALLY. Was the case you had in Norway these ship-  
ping claims?

Mr. ACHESON. Yes.

Senator BARKLEY. These tax cases—are they for refund or are they protesting against increased assessments?

Mr. ACHESON. I think there is only one case for a refund that I recall now. That is the case of what was the First National Bank of Detroit, in regard to its 1929 and 1930 tax. That has now left the Bureau and there will be suit in the district court of the United States. The Bureau has assessed the tax finally, the tax has been paid, and the next step is a suit for refund.

Senator KING. Are any of these dealings that you had, or your relations, with the tax department of the Government such that they would prove embarrassing to you in the duties of this office?

Mr. ACHESON. I do not think they would in any way, Senator.

Mr. President, I am speaking off the record now, but it is that kind of thing that has been coming up all the years during which I have been in Congress; it is this question of whether or not public officials who are administering billions of dollars of tax income are to be embarrassed by favors that they may be asked to accord to their former clients or to their business associates or to firms of which they have previously been officers.

The record is perfectly plain that during the administration of Mr. Mellon hundreds of millions of dollars were either refunded, canceled, or credited to the account of firms through secret rulings within the Department.

Mr. President, I am not even saying that those rulings were wrong; I am not saying that they were dishonest; I am trying to prove the opportunities within the Department to do favors at the expense of the Federal Government. My contention has always been, Mr. President, that men should not occupy these places who will be subjected to such temptations or who would be subject to embarrassment because of their former connections.

Mr. FLETCHER. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Florida?

Mr. COUZENS. I yield.

Mr. FLETCHER. What has the Under Secretary of the Treasury to do with these matters? Are they involved in the Under Secretary's functions?

Mr. COUZENS. The Under Secretary, in the absence of the Secretary, has complete control of the Department; he has complete control of the Bureau of Internal Revenue and every Assistant Secretary of the Treasury. It was quite evident from the examination we made over a period of years that one could not go into any department or any bureau or any division of the Treasury Department where the influence of the superior officers did not permeate.

I read again from the record:

Senator COUZENS. You would have to pass upon the decisions, I suppose, that the Bureau might render, since I notice the law requires the Treasury to approve those matters, and I suppose the Under Secretary, you, as Under Secretary, would have that responsibility?

Mr. ACHESON. I suppose I would in respect to any of the refunds. Cases of additional taxes would not, as I understand it, come before me at all.

Senator REED. Mr. Acheson, what financial experience have you had?

Mr. ACHESON. I have had practically none, Senator.

Senator REED. Have you made any study of public finances at all?

Mr. ACHESON. None at all.

The CHAIRMAN. Where did you attend school, Mr. Acheson?

Mr. ACHESON. I went to Groton School, in Massachusetts, and I went to Yale University and the Harvard Law School.

Senator BARKLEY. Were you an applicant for this place?

Mr. ACHESON. No, sir; I was not.

Senator COUZENS. Who was your sponsor—Senator Tydings?

Senator TYDINGS, who was present, said:

Of course, of course.

The CHAIRMAN. You said you were not an applicant for it, Mr. Acheson?

Mr. ACHESON. Not at all.

The CHAIRMAN. The suggestion came from without?

Mr. ACHESON. I had absolutely no knowledge of this at all until the Secretary asked me to come over and see him; and when I went over, he asked me if I would do this job for him.

Senator COUZENS. Is your firm also a representative of the International Telephone & Telegraph Co.?

Mr. ACHESON. Yes; they are.

Senator COUZENS. And Mr. John Marshall is also a member of your firm?

Mr. ACHESON. He is associated with our firm. He is not a member of our firm.

Senator COUZENS. Do you represent in any way the Radio Corporation of America?

Mr. ACHESON. I believe that we do. Whether we represent them generally, or in specific litigation, I don't know. I, myself, have never had anything to do with those general retainers, and I don't know what goes on exactly.

There is a suit, I believe, in the Court of Appeals of the District of Columbia, and I understand that our firm is representing the Radio Corporation there.

Mr. President, Mr. Acheson is perfectly frank; I do not charge him with being otherwise. Mr. Acheson has been a member of this firm that represents big corporations, such as the Radio Corporation of America, the International Telephone & Telegraph Co., and many others, to which I will refer later on when I come to read the list of clients he had before the Bureau of Internal Revenue.

I quote further from Mr. Acheson's testimony:

Senator COUZENS. Do you represent the Van Sweringens in any cases?

Mr. ACHESON. Mr. Marshall does. That is his own retainer. My firm has nothing to do with that and is not connected with it in any way, either sharing in the fees paid or participating in any advice. We have no knowledge at all of what is done in that.

Senator COUZENS. You have quite a lot of corporate affiliations, do you not?

Mr. ACHESON. My firm does.

Senator BARKLEY. Do you represent any New York banks that are known as "international bankers"?

Mr. ACHESON. In these recent hearings Judge Covington represented the National City Bank. Whether that is an international bank or not, I do not know.

Senator COUZENS. I would say it is a very decided international bank, according to the testimony before the Committee on Banking and Currency.

Senator BARKLEY. Does your firm represent J. P. Morgan in any way?

Mr. ACHESON. Mr. John Davis represents J. P. Morgan & Co., and he occasionally asks Judge Covington for his advice on specific questions. We have no general retainer or any specific employment by them.

Mr. President, story after story has come orally, that does not appear in the record, of Mr. Acheson's affiliation. Not only he and his firm have been affiliated with J. P. Morgan & Co., but with the International Telephone & Telegraph Co. and the Radio Corporation of America, and yet he and Mr. Woodin, who has been a close affiliate of the New York group for years, are to have complete charge of the Treasury Department of the United States.

Mr. LONG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Louisiana?

Mr. COUZENS. I yield.

Mr. LONG. It is clear that the Senator has qualified Mr. Acheson because he has now proved that he is connected with the house of Morgan. Does not that put him in line with our policy here? It seems to have been the



policy of the Treasury that Morgan's hand must be there. When we get that down to where we know it, it seems we ought to wind up the matter and go along according to the accepted rules.

Mr. COUZENS. I do not care to indulge in humor in this connection. I am conscious of the fact of affiliations of the house of Morgan with the Treasury Department over a great number of years, in fact ever since I have been a Member of Congress. But I do not willingly stand here and see a man confirmed for the position to which Mr. Acheson is named without the Senate and the public knowing of the connection.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. COUZENS. Certainly.

Mr. BARKLEY. The Senator referred to rumors floating around, not a part of the record, that Mr. Acheson represents Morgan & Co. It seems to me that the committee had a fair chance to inquire of Mr. Acheson. He was asked about it, and unequivocally stated that he did not represent Mr. Morgan, that Mr. Covington was sometimes adviser to John W. Davis, who represented them. The Senator, I know, does not want to do Mr. Acheson an injustice. If there are any rumors about him representing Morgan & Co., it seems to me the committee ought to have gone farther into them after he denied that he did represent them.

Mr. COUZENS. Perhaps I used an unfortunate word when I said "rumors." I should have said it is general knowledge. Statements have come to me that it is well known that the Covington firm, of which Acheson was a member, was affiliated with the Morgan house.

Mr. BARKLEY. I thought the Senator was referring specifically to Mr. Acheson.

Mr. COUZENS. I was referring to his firm. Of course, Mr. Acheson was a member of the firm and he does not deny it. He was perfectly frank. He was a partner of Judge Covington and said that Judge Covington represented the Morgan house through John W. Davis.

I only want to make a record. I know Mr. Acheson is going to be confirmed. I know that Mr. Acheson and Mr. Woodin are going to be just as much the agents of the Morgan house as anybody we could possibly put in the Treasury Department. I do not believe that President Roosevelt understands or knows all these things. I do not believe that President Roosevelt knows the record behind Mr. Acheson or behind Mr. Helvering, the nominee for the Bureau of Internal Revenue. I want to say frankly that I am a great admirer of President Roosevelt, I want to help in every human way to make his administration a success. Partisanship has never been any part of my make-up. Democrats who have been here since I have been here will recall that I have never cast a partisan vote nor taken a partisan position with respect to any confirmation of anybody for public office, nor have I taken a partisan position with reference to votes on legislation.

Mr. President, I plead that the administration will not fill these important offices with men having the connection that these men had in the past and who will undoubtedly in the future be under the influence of those connections.

Remember, Mr. President, I am not saying, when I use the word "influence", that it is dishonest influence. I am not charging these men with receiving any monetary reward for what they may do for those people whom they have formerly represented. But, Mr. President, I have contacted with men and have associated with men for 50 years, and I know the motives of men and I know what influences men. I know what association does. I know what former connections do and how they influence the judgment of men's minds. I know it can be done in a perfectly honest way and yet not be in the public interest. So I am making this record for history and I hope in the interest of President Roosevelt, and not because I expect to stand here at this late hour and defeat the confirmation.

The Senator from Mississippi [Mr. HARRISON], I think, has been unduly urgent in his efforts to secure confirmation at this hour of the day when I was ill prepared to proceed,

and yet I did not want to be placed in the position of trying to unnecessarily delay confirmation.

I want to go back and repeat just briefly, in reading from the record:

Senator BARKLEY. Does your firm represent J. P. Morgan in any way?

Mr. ACHESON. Mr. John Davis represents J. P. Morgan & Co., and he occasionally asks Judge Covington for his advice on specific questions. We have no general retainer or any specific employment by them.

Senator CONNALLY. In addition to the duties of the Under Secretary, as the first assistant to the Secretary, does he have supervision over any particular departments over there?

Mr. ACHESON. I understand, Senator, the things that are directly under him are those bureaus that have to do with the public debt. I have a very vague idea of what are the duties of an Under Secretary, but I believe the financing of the Government and anything to do with the public debt comes directly under him.

Senator McADOO. The fiscal bureaus come under the Under Secretary, do they not?

Mr. ACHESON. I think there is one Assistant Secretary, Senator McADOO, who has charge of the internal revenue and another who has the customs.

Senator McADOO. I know that; but when I was Secretary of the Treasury the technical division was the fiscal bureaus, so called, and they were particularly in charge of one of the Assistant Secretaries. But since then I think the Department has been reorganized to some extent, and the Under Secretary having been created, I think he is considered as the right arm of the Secretary, and he acts generally with reference to all bureaus on all questions that arise in the Department.

That is what former Secretary of the Treasury McADOO said:

Mr. ACHESON. That is my understanding.

Senator McADOO. And he is practically the Secretary in his absence; isn't that the jurisdiction you will exercise?

Mr. ACHESON. I think that is about it.

Senator KING. With your understanding of the technic and the modus operandi in and of the Treasury Department, would you say your duties would be similar to those which were performed by Ogden Mills?

Mr. ACHESON. When he was Under Secretary?

Senator KING. Yes.

Mr. ACHESON. I presume they would be.

Senator COUZENS. Have you ever represented the Insulls in any case?

Mr. ACHESON. I don't think we have ever had anything to do with the Insulls.

Senator COUZENS. None of your firm has?

Mr. ACHESON. That is my understanding.

Senator COUZENS. Have you ever represented any of the Kruegers' companies?

Mr. ACHESON. Not at all. We have represented the Swedish Government.

Senator COUZENS. As against the Kruegers?

Mr. ACHESON. Yes.

The CHAIRMAN. Are there any other questions? We thank you very much for coming up, Mr. Acheson.

Senator TYDINGS. Apart from the fact that Mr. Acheson comes from Maryland, I believe you gentlemen will find he will be a pleasant surprise in the office. He has great ability and great industry, and holds high conception of any governmental responsibility, and it is a real pleasure for me to endorse him. I am satisfied the committee will have no regrets if they endorse him.

Senator KING. Mr. Woodin, then, did not initiate the movement to bring him into the Treasury; it came from you; is that it?

Senator TYDINGS. Partly, he did. He wanted a man who had not too much financial connections with banks and so on, yet who had enough general background and industry and general understanding to act in that office, so he told me over the telephone.

Senator KING. He didn't know Mr. Acheson?

Senator TYDINGS. He knew him, but not well. But he investigated him, he told me, very thoroughly and he seemed to be the very character of man he wanted.

The CHAIRMAN. Thank you very much.

Mr. ACHESON. Do I understand you would like me to furnish a list of those cases?

Senator COUZENS. I should like to have a list of those cases that were mentioned, if you do not mind.

Senator KING. The ones he has been engaged in personally or his firm?

Senator COUZENS. His firm, going back for the last 2 or 3 years.

Senator WALKOTT. I might say that Mr. Acheson really comes from Connecticut. His father was formerly Episcopal bishop up in our diocese, and he attended Yale and Harvard.

That ended the giving of testimony by Mr. Acheson. Then afterward there was forwarded to the clerk of the clerk of the committee a letter from Covington, Burling & Rublee, Union Trust Building, Washington, D.C., addressed to Hon. PAT HARRISON, Senate Office Building, and reading:

DEAR SENATOR HARRISON: I am enclosing a list of cases which my partners and I have had before the Bureau of Internal Revenue during the past 2 years, as I was requested to do this morning by the committee.

The letter was signed by Mr. Acheson.

Then there follows a list of firms that were represented, and so as to be perfectly fair I want to put in the classification of the firms as Mr. Acheson presented them to the committee. In the report Mr. Acheson stated:

The firm of Covington, Burling & Rublee has seven partners. In addition, there are seven lawyers who assist the members of the firm.

Of the partners, Mr. Shorb, with two assistants, has for many years devoted himself practically exclusively to tax matters. The cases that have been pending in the office since May 1, 1931, handled exclusively by Mr. Shorb and his assistants, are shown on the list marked "List A." The cases with a star opposite them have been concluded in the Bureau since May 1, 1931.

On "List B" are shown the cases before the Bureau which Mr. Acheson has had charge of since May 1, 1931. The cases marked with a star on this "List B" are those which have been concluded in the Bureau since May 1, 1931.

On "List C" are shown those cases which have been pending before the Bureau since May 1, 1931, in charge of other members of the firm. The cases on "List C" marked with a star have been concluded in the Bureau since May 1, 1931.

I am going to have these lists put in the RECORD completely. I will not take the time of the Senate to read them all. I am going to read a few of the names that appear on list B, which Mr. Acheson says are the ones of which he has had charge. In this connection, I desire to point out that while I am going to read only the names of those of which he has had charge, the list contains the names of his partners' cases, in the success of which I assume he, of course, had a financial interest.

List B, which Mr. Acheson furnished, is as follows:

Joseph H. Adams, Miami.  
Daniel E. Altland, Detroit.  
Estate of Antonio S. Andretta, Hartford, Conn.  
W. D. Bonthron, Detroit, Mich.  
\*Chandler & Co., New York City.  
James E. Davidson, Bay City, Mich.  
First Bond & Mortgage Co., Lansing, Mich.  
\*Robert Gage Coal Co., Lansing, Mich.  
\*Kentucky Securities Corporation, Lexington, Ky.  
Estate of A. Sidney Logan, Philadelphia, Pa. (now in court).  
\*First National Bank, Detroit, Mich.  
\*R. L. Polk Investment Co., Detroit, Mich.  
W. Ernest Seatree, New York.  
\*Wayne County & Home Savings Bank, Detroit, Mich.  
\*Continental Can Co., New York.  
\*H. J. Hayes, Lansing, Mich.  
\*Estate of George J. Hoster, Columbus.  
\*International Textbook Co., Scranton.  
\*United States Stores Corporation, Philadelphia.  
\*National Food Products Corporation, New York.  
\*Paramount-Publix Corporation, New York.  
\*Sixteen East Fortieth Street, Inc., New York.

Those are all the cases that Mr. Acheson claims to have handled himself before the Bureau of Internal Revenue. The other lists are of those that were handled by his partners. Without taking the time of the Senate, I ask permission to make them a part of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

#### LIST A

\*T. Smith & Sons, Inc.  
\*Consolidated Water Power & Paper Co.  
Chicago Trust Co.  
\*David G. Joyce and Clotilde G. Joyce.  
\*W. I. Hollingsworth.  
\*Superior Machine Co.  
\*Consolidated Water Power & Paper Co.  
\*Honore and Potter Palmer.  
\*Peerless Iron Pipe Exchange.  
\*Estate of Theo. M. Nagle.  
\*M. W. Alworth, M. H. Alworth, R. D. Alworth, and J. L. Washburn.  
\*Estate of Charlotte H. Gerlach.  
\*Mrs. Anna Fellman, succession of.  
The Morse Foundation.  
\*Marshall H. Alworth.  
\*Marshall W. Alworth.  
\*Royal D. Alworth.  
\*J. L. Washburn.  
\*Royal Mineral Association.  
\*Birdsell Manufacturing Co.

Nunn Bush & Weldon Shoe Co.  
\*Locomotive Fire Box Co.  
\*Post & McCord.  
Chicago Trust Co.  
\*St. Louis Malleable Casting Co.  
\*John R. Thompson.  
Palmer Corporation.  
\*Estate of W. K. Vanderbilt.  
\*Peerless Iron Pipe Exchange, Inc.  
\*Miami Bank & Trust Co. (1925).  
\*Great Western Smelting & Refining Co.  
\*E. J. Lander & Co.  
\*General Furniture Co.  
\*Polk Sanitary Milk Co.  
\*Estate of Bailey B. Nagle.  
\*Phoenix Hosiery Co.  
\*First National Bank, trustee for Farrington et al.  
\*George C. Stone.  
\*William F. Jennison.  
\*Ohio River Sand & Gravel Co.  
\*Albert F. Keeney and Harriett Sayre Keeney.  
Coyne Electrical School.  
\*Tama Telephone Co.  
David G. Joyce, Clotilde G. Joyce, Beatrice Joyce.  
\*Stephen E. Ryan.  
National Enameling & Stamping Co.  
\*J. S. Brown Mercantile Co.  
\*George R. Carr.  
\*Frelinghuysen Realty Co.  
\*Cutler-Hammer Manufacturing Co., stockholders of.  
\*Economy Fuse & Manufacturing Co.  
\*George C. Ross.  
\*Fargo Mercantile Co.  
Estate of Bailey B. Nagle.  
\*Walter E. Heller.  
Melvin W. Ellis.  
\*Estate of Bailey B. Nagle (1926).  
\*Stadacona Steamship Co.  
\*Adam G. Thomson.  
\*Frederick T. Warner.  
\*Federated Metals Corporation.  
\*Continental Development Co.  
\*John Sutherland Stuart.  
\*National Life Insurance Co.  
Josephine B. Gedney.  
Peerless Iron Pipe Exchange, Inc.  
\*Tremont Lumber Co.  
\*Bellingham Canning Co.  
\*Walter Schuttler.  
\*Owens Illinois Glass Co.  
\*Neuss Hesslein & Co.  
\*C. M. Burlingame.  
\*Palmer Corporation.  
\*Peoples Saving Bank & Trust Co.  
Peerless Iron Pipe Exchange, Inc. (1928).  
\*Rogers Park Building Corporation.  
\*Northwestern Trust Co.  
\*Northern Construction Co.  
\*Listenwaller & Gough.  
\*Republic Creosoting Co.  
\*Central Chemical Co.  
\*W. I. Hollingsworth (1923-28).  
\*Ralph B. Polk.  
\*Mr. and Mrs. Richard J. Lamb.  
\*Walklin Petroleum Corporation.  
Consolidated Water Power & Paper Co.  
\*E. B. Miller.  
\*Granite City Steel Co. (1929).  
\*Peter Tettelbach.  
\*Burford Oil Co. and Pecos Refining Co.  
Marquette Cement Manufacturing Co.  
Peter C. Reilly.  
\*Grace Brown Palmer.  
\*Mr. and Mrs. T. G. Lovelace.  
\*Fort Wayne Corrugated Paper Co.  
\*Mulgrew & Sons Co.  
Lester P. McCoy, Hazel C. McCoy, and estate of John M. Barton.  
M. M. Kauffman.  
\*Bates Investment Co.  
\*Joseph E. and Margaret M. Sterrett.  
\*Estate of Gustav Hottinger.  
\*Dr. H. E. Thompson.  
\*John R. Thompson (1918 interest claim).  
\*Deming & Gould.  
Republic Creosoting Co.  
Mark C. Bates.  
\*Wolkowsky appeals.  
National Life Insurance Co.  
\*R. D. Alworth.  
Clara Holt Bates, Isabel F. Bates, George A. Bates, and Mark C. Bates.  
Post & McCord.  
\*E. B. Hanley.  
Loftis Bros. & Co.  
Bertha Honore Palmer, estate of.  
\*Dr. Frederick D. Owsley.  
Jacob Rothschild.  
Bates Investment Co. (1930).



Chesapeake Investment Co.  
 Burford Oil Co. (1930).  
 Edmund W. Miller.  
 \*H. L. Hollis.  
 A. J. More.  
 Crow Wing Co. and estate of Cuyler Adams.  
 Estate of George W. Niedringhaus.  
 T. G. Dickinson.  
 Copley Press.  
 Granite City Steel Co.  
 Christopher L. Ward.  
 Midwest Ice Co.  
 H. H. Raymond.  
 Frank R. Bacon.  
 Palmer Corporation (1930).  
 Bates Investment Co.  
 Schweitzer & Conrad and Schweitzer & Conrad, Inc.  
 David M. Goodrich.  
 Lillian S. Wick.  
 Estate of Charles C. Goodrich.

## LIST C

\*Sullivan County Credit Union.  
 \*Charles R. Flint.  
 \*J. Noah H. Slee.  
 Hammermill Paper Co.  
 \*Surety Credit Co.  
 \*Estate of Otto Becker.  
 Estate of Henry Chalfant.  
 Pierce Arrow Motor Car Co.  
 Weston M. Fulton.  
 Barbara S. Fulton.  
 \*Eli Lilly Credit Union.  
 Pittsburgh Steel Co.  
 \*Banos de San Jose, Inc.  
 \*Mrs. Eugenia Sands.  
 G. Daniel Baldwin.  
 Isaac W. Baldwin.  
 Hammermill Securities Corporation.  
 Mary B. Behrend.  
 \*Estate of D. M. Myers.  
 W. R. Grace & Co.  
 \*Allen Gundersheimer.  
 Estate of Walter Strong.  
 Baton Rouge Water Works Co.  
 Erie Dry Goods Co.  
 \*Economy Drug Co.  
 \*Dean S. Edmonds.  
 \*Hamill Turpentine Co.  
 \*Lyon Turpentine Co.  
 \*Pittsburgh Steel Products Co.  
 \*Charles E. Shenk.  
 Evelina K. Hollins.  
 Estate of J. C. Cafilisch.  
 John A. Howard.  
 Edward A. Howard.  
 Robert S. Schaffner.  
 David B. Stern.  
 \*Sullivan Machinery Co.  
 \*Columbia Steel & Shafting Co.  
 \*James R. Deering.  
 \*Cumberland Glass Manufacturing Co.  
 Wilson & Co. (In Court of Claims).  
 \*Federal American Bank, executor of estate of Josephine P. Gedney.  
 \*Continental Products Co.  
 \*Edward B. Leisenring, executor of estate of Daniel B. Wentz.  
 \*T. Smith & Son, New Orleans.  
 \*Estate of William K. Vanderbilt.  
 \*C. P. Dubbs.  
 \*Erie County Milk Association.  
 \*Margaret Stuart.  
 First National Bank of Pittsburgh.  
 Dr. A. C. Galster.  
 \*Estate of A. G. Peine.  
 \*Cowles Investment Trust.  
 \*Erie County Electric Co.

Mr. COUZENS. Mr. President, I think I have now concluded the presentation of my objection to the type of appointments that are being made in the Treasury Department, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from Michigan suggests the absence of a quorum. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Bachman	Clark	King	Murphy
Barkley	Connally	Lewis	Robinson, Ark.
Black	Couzens	Loneragan	Schall
Bratton	Fess	Long	Sheppard
Brown	Fletcher	McCarran	Steiger
Byrnes	Gore	McGill	Thomas, Utah
Capper	Harrison	McKellar	Vandenberg

Mr. LEWIS. I desire to announce that the Senator from Nevada [Mr. PITTMAN] has been necessarily absent from the Senate in attendance upon conferences at the White House and the State Department.

The PRESIDING OFFICER. Twenty-eight Senators have answered to their names—not a quorum.

## ADJOURNMENT UNTIL MONDAY

Mr. ROBINSON of Arkansas. Mr. President, I inquire what is the entry of record pertaining to the impeachment proceedings on Monday. What is the hour?

The PRESIDING OFFICER. The Chair is informed that the hour is 12:30 o'clock.

Mr. ROBINSON of Arkansas. That was my understanding.

As in legislative session, I move that the Senate adjourn until 12 o'clock noon on Monday.

The motion was agreed to; and (at 6 o'clock and 40 minutes p.m.) the Senate adjourned until Monday, May 15, 1933, at 12 o'clock meridian.

## NOMINATIONS

*Executive nominations received by the Senate May 12 (legislative day of May 1), 1933*

## TREASURER OF THE UNITED STATES

William Alexander Julian, of Ohio, to be Treasurer of the United States in place of Walter O. Woods, resigned.

## UNITED STATES DISTRICT JUDGE

HEARTSILL RAGON, of Arkansas, to be United States district judge, western district of Arkansas, to succeed Frank A. Youmans, deceased.

## FIRST JUDGE, CIRCUIT COURT, FIRST CIRCUIT OF HAWAII

Norman D. Godbold, of Hawaii, to be first judge, Circuit Court, First Circuit of Hawaii, to succeed Alva E. Steadman, resigned.

## UNITED STATES ATTORNEY

T. Hoyt Davis, of Georgia, to be United States attorney, middle district of Georgia, to succeed William A. Bootle, whose term expired January 30, 1933.

## CLERK OF THE UNITED STATES COURT FOR CHINA

William Thomas Collins, of Missouri, to be clerk of the United States Court for China.

## COLLECTOR OF CUSTOMS

J. Walter Doyle, of Honolulu, Hawaii, to be collector of customs for customs collection district no. 32, with headquarters at Honolulu, Hawaii, in place of Mrs. Jeannette A. Hyde.

## PUBLIC HEALTH SERVICE

The following-named surgeons to be senior surgeons in the Public Health Service, to rank as such from the dates set opposite their names:

Lionel E. Hooper, May 14, 1933.

Francis A. Carmelia, May 19, 1933.

## APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

## TO JUDGE ADVOCATE GENERAL'S DEPARTMENT

Capt. Paul Shober Jones, Infantry (detailed in Judge Advocate General's Department), with rank from July 1, 1920.

Capt. Eugene Ferry Smith, Infantry (detailed in Judge Advocate General's Department), with rank from November 9, 1928.

## TO QUARTERMASTER CORPS

First Lt. George DeVere Barnes, Infantry, with rank from July 3, 1924, effective June 30, 1933.

## PROMOTIONS IN THE REGULAR ARMY

## To be captain

First Lt. Michael Charles Grenata, Corps of Engineers, from May 6, 1933.

## To be first lieutenant

Second Lt. Arthur Layton Cobb, Field Artillery, from May 6, 1933.

## MEDICAL CORPS

*To be lieutenant colonels*

Maj. Benjamin Beckham Warriner, Medical Corps, from May 8, 1933.

Maj. William Dey Herbert, Medical Corps, from May 9, 1933.

## DENTAL CORPS

*To be lieutenant colonels*

Maj. Eugene Milburn, Dental Corps, from May 5, 1933.

Maj. Lowell B. Wright, Dental Corps, from May 6, 1933.

Maj. Harry Morton Deiber, Dental Corps, from May 7, 1933.

Maj. James G. Morningstar, Dental Corps, from May 8, 1933.

## CHAPLAIN

*To be chaplain with the rank of major*

Chaplain George Jefferson McMurry (captain), United States Army, from May 6, 1933.

## CONFIRMATION

*Executive nomination confirmed by the Senate May 12 (legislative day of May 1), 1933*

## UNITED STATES DISTRICT JUDGE

HEARTSILL RAGON to be United States district judge western district of Arkansas.

## HOUSE OF REPRESENTATIVES

FRIDAY, MAY 12, 1933

The House met at 11 o'clock a.m., and was called to order by the Speaker.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Behold what manner of love the Father hath bestowed upon us that we should be called children of God! In Thy holy name we would draw apart this quiet moment and acknowledge Thy abounding mercy and find the kingdom of heaven which lies within us. We thank Thee, blessed Lord, that Thou dost measure Thy justice by love rather than Thy love by justice. As time passes on may we lay up for ourselves the rich treasures of friendships, of sweet experiences, and lasting affections; at the last they shall be our chief and abiding fruits of comfort and satisfaction. Each succeeding day, our Heavenly Father, let us see our whole duty, always standing for the rights, honors, and dignities of our fellow men, and in all things do justly, love mercy, and walk humbly with Thee. Amen.

The Journal of the proceedings of yesterday was read and approved.

## MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed, with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 5390. An act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 1410. An act to amend section 207 of the Bank Conservation Act, with respect to bank reorganizations; and

S. 1582. An act to amend section 1025 of the Revised Statutes of the United States.

## OUR PROGRESS TOWARD ECONOMIC RECOVERY

Mr. LUDLOW. Mr. Speaker, I had the privilege of being present at a banquet of the American Association of Advertising Agencies at the Mayflower Hotel in this city last night and listened to a splendid and inspiring address delivered over the radio from Pittsburgh by Hon. HENRY T. RAINEY,

Speaker of this House. Mr. RAINEY had expected to be present in person, but was unavoidably detained at Pittsburgh. His address, which dealt with the progress of America toward recovery, is of great interest to the entire Nation, and I ask unanimous consent to have it printed in the CONGRESSIONAL RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. LUDLOW. Mr. Speaker, I had the privilege of being present at a banquet of the American Association of Advertising Agencies at the Mayflower Hotel in this city last night and listened to a splendid and inspiring address delivered over the radio from Pittsburgh by Hon. HENRY T. RAINEY, Speaker of this House. Mr. RAINEY had expected to be present in person, but was unavoidably detained at Pittsburgh. His address, which dealt with the progress of America toward recovery, is of great interest to the entire Nation, and I ask unanimous consent to have it printed in the CONGRESSIONAL RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The address is as follows:

Mr. Toastmaster, ladies, and gentlemen, I regret exceedingly that I cannot personally be with you tonight. I have been engaged in a speaking tour covering three cities yesterday and today, making my dates by airplane. Today, however, I find myself stranded in Pittsburgh on account of the storm, and, therefore, I am compelled to resort to this method of keeping my Washington engagement. In this progressive era through which we are passing I find that the air lines are putting out of business the passenger trains, and then weather conditions, including what are technically called low ceilings, put the airplanes out of business, and I find myself tonight unable to get anywhere, but fortunately the radio furnishes a method of meeting this condition. Perhaps also my audience is fortunate. It will only be compelled to listen to me for 30 minutes of time; otherwise I might have spoken much longer.

In its swing through the centuries this old world of ours has entered an era absolutely new; new conditions confront us everywhere, and new methods must be discovered to meet the new economic problems which are now presented with such force. And that is what we are trying to do in Washington. On the 4th day of March the very structure of this Government of ours seemed to be in danger of collapse. We had entered upon a period of deflation most destructive in its character. We had been told for a long period of time that prosperity was "just around the corner", and that the depression would end in 60 days, that brokers' loans were not too high, and that it was all right to invest in foreign bonds, and this sort of advice continued even after the stock-market crash of the late months of 1929. From every direction came the noise of the crash of failing banks. The buying power of people had been in a large measure destroyed; industry, to an alarming extent, had ceased to operate; factories were closed; 12,000,000 men walked the streets of our cities and roamed our countryside out of employment; and the affairs of this great Government were being permitted to drift upon the theory that there were certain economic laws which were as unchangeable as the laws of gravitation, and the thing to do, they said, was to let everything alone—not to attempt remedial measures but to wait until the processes of deflation were over, and then look forward at some indefinite future time for a recovery.

I deny that there are economic laws as unchangeable as the laws of gravitation. I deny that we must permit the destruction of the accumulated capital of our citizens. This is a world of men and nations, and economic laws can be changed by man-made laws, and so we are forgetting now that such economists as Malthus, Ricardo, and Mills ever lived. At any rate we are disregarding the things they taught. We decline to lie quietly down and permit the great juggernaut of destruction we have built up to roll over us and crush us. We are doing what we can to divert its course. Our constructive program of legislation will be completed early in June, and Congress will adjourn and go home. Already you may notice the effect of what we are doing in rising prices of basic farm products; stocks which have a real value are already registering price increase in our markets; unemployment has perceptibly decreased. The great structure we are building has commenced to operate, but we must complete it all before we adjourn, and this Congress will not adjourn until our program of constructive legislation is finished.

We are building a bridge over a chasm, and we have been pushed now to the very brink of that chasm. Every constructive piece of legislation is simply a section in the bridge we are building, and we must complete the bridge—the bridge which leads from the uncertainties, and the depression, and the fear and suffering of the present time across the chasm to the land where we think the sun is still shining.

Revenues from beer are already larger than we anticipated, and it is not too much to hope that from this source alone there will pour into the Treasury of the United States, during the next



fiscal year, \$150,000,000. The induced revenue from related industries started in motion from the manufacture of beer will soon be in evidence. The bottling industries of the country are running now with larger forces than they have employed for many months of time; industries which manufacture metal caps are running full blast throughout the country; industries which manufacture barrels are operating, some of them overtime. In the white oak forests of Arkansas, 7,000 sawmills now are operating, and 70,000 men are working there, receiving an average of \$8 per day. All through the length and breadth of the land people are regaining their courage; they are looking forward again hopefully to the future; confidence is being restored; fears of people are being dispelled, and back of the constructive leadership which comes now from the White House, Republicans and Democrats are marching hopefully shoulder to shoulder, looking again toward the sunrise.

Our program of reconstruction will succeed; it must succeed. Back in their districts Members of Congress who support the administration program are being applauded. Scores of letters reach the desks of Congressmen and Senators each week urging them to support the program of the administration.

A superman is in the White House—a man who fits into the emergencies of the present, an inspired leader. I often wonder at his powers of physical endurance. Those who work with him in this program, many of them are tired out, and only the enthusiasm which comes from an inspired leadership keeps them moving onward discharging the tasks which are allotted to them.

Fifty thousand young men taken from the ranks of the unemployed in our great cities are now working in the great forest army that we are creating, not under military discipline but under the kind of discipline that develops them physically and brings back to them courage and self-respect. Every one of them is subject to discharge—discharge when he can get a better job—and the work they are doing is adding to the intrinsic value of our national forests. Soon a quarter of a million young men will be working in this great army.

The Muscle Shoals project, upon which the Government has spent so many millions of dollars, has now been rescued from the Water Power Trust and will soon be in operation under Government supervision. The entire Tennessee Valley will soon commence the development which has been planned for it, and this means additional employment for thousands of men. The farm relief bill, fixing living prices for farmers, will be in operation in a day or two under the direction of skilled economists, and in the immediate future we expect to restore the buying power of 7,000,000 farmers and those who are directly dependent upon them in the villages throughout the rural sections of our country, and this means that we are restoring the buying power of a fourth of our population, and in order to advance we must first of all restore buying power to the people of the United States. Farmers all need replacements, and restoration of their buying power will mean the employment of thousands of men in our factories, and the restoration of the buying power of those men will make possible the restoration of the buying power of still other thousands of men. Already the measure which provides for mortgage relief for farmers is about to operate. Moratoriums, payments of past-due interest and taxes, and lower interest rates are all provided in this particular legislation. But while we are restoring economic conditions to normal we cannot afford to permit people to suffer, and a bill providing millions of dollars for direct relief for States will also soon be in operation.

There will soon be in operation a program of public works amounting to \$3,000,000,000. Work on roads, work on rivers and harbors, possibly also some naval construction, and probably some public buildings, requiring the kind of appropriation which is expended in a major part in the wages we pay to men. The railroad-relief bill will soon be in operation. The destructive paralleling of railroad lines will soon end. A proper movement of freight and passengers under the direction of a competent administrator will soon bring a much-needed measure of relief to the railroads of the country.

We have put into the hands of the President the power to meet the economic war now being waged against us by foreign nations which has for its evident object the depreciation of the pound sterling in the 31 nations which have gone off the gold standard and the appreciation in value of our own dollar. The object of this economic war has become apparent. With the depreciated pound they can produce cheaper than we can, but they sell to us for gold. They are able with their cheaper production to get over our high tariff walls, and the gold they receive will be earmarked and held by them for exploitation. Our high tariffs and the retaliatory tariffs, running always higher until recently, are compelling our capitalists to invest in branch plants abroad. They are becoming mechanized at our expense, and if their mechanization had reached the point they expected it to reach, it will be easy for them to call back the gold and to leave us with a minimum of that metal and reduce us to the position of a third- or fourth-class power. It has been said, and correctly said of us, that we never lose a war and we never win a convention. In the field of diplomacy we have always been defeated until 3 weeks ago, when the emissaries of foreign governments were on their way, there came the order embargoing gold and we went off the gold standard to the evident chagrin and discomfiture of our commercial competitors among the nations, and we have just passed a bill which places in the hands of the President of the United States a battery or three great 16-inch guns and we have authorized him to fire one or all of them in the economic battle which is now on.

He can revalue the gold ounce. He can authorize the nations which owe us money to pay us a considerable part of what they owe us now in silver bullion which they can purchase at 50 cents an ounce, but when it gets here it becomes dollars. This is free coinage of silver to a limited extent, but I predict it will be popular if it is adopted and that it will not be long until we take decided steps in the direction of a free coinage of this metal at an appropriate ratio which may even eventually reach the historic ratio of 16 to 1, and we have authorized the President through the Reserve banks to issue bonds redeemable in currency which may reach the amount of \$3,000,000,000. The revaluation of gold may mean that the debtor classes can pay their debts in the kind of dollars in contemplation when these debts accrued. In giving to the President these powers we will have provided relief for the debtor classes of the country, the kind of relief they were demanding and the kind of relief to which they are entitled.

We will find early in the next fiscal year, I predict, that we have balanced our Budget, that we are no longer borrowing money in order to pay the running expenses of the Government. Better times are just ahead, but too much must not be expected too soon. Recovery from conditions which oppress us now will not be instantaneous; it will be gradual, but from now on every day will be a better day. When we have completed the bridge we are now constructing across the chasm which yawns ahead of us, and when we have safely crossed, we may find ourselves entering with lighter hearts the new era which comes now to this old world of ours, and we may find ourselves standing on the very highlands of the morning, witnessing the dawning of a new day. Already there is appearing across the chasm and over the land to which we are journeying a rainbow of hope. In this brief address I have been able only to outline a part of the reconstruction program of the administration.

#### INDEPENDENT OFFICES APPROPRIATION BILL

The SPEAKER. The unfinished business is the passage of the bill H.R. 5389, the independent offices appropriation bill. The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. WOODRUM) there were 87 ayes and 33 noes.

Mr. WOODRUM. Mr. Speaker, I object to the vote on the ground that there is no quorum present.

The SPEAKER. Evidently there is no quorum present. The roll call is automatic. The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—ayes 250, nays 117, not voting 65, as follows:

[Roll No. 39]  
YEAS—250

Adair	Colmer	Goodwin	Lozier
Adams	Cooper, Tenn.	Gray	Ludlow
Allgood	Corning	Green	McCarthy
Arnold	Cox	Greenwood	McClintic
Ayres, Kans.	Cravens	Gregory	McFarlane
Bailey	Crosby	Griffin	McGrath
Beam	Cross	Grissold	McGugin
Beiter	Crowe	Haines	McKeown
Berlin	Crump	Hamilton	McMillan
Biermann	Cullen	Hancock, N.C.	McReynolds
Bland	Cummings	Harter	McSwain
Blanton	Darden	Hastings	Major
Bloom	Dear	Henney	Maloney, Conn.
Boehne	Deen	Hildebrandt	Maloney, La.
Boland	Delaney	Hill, Ala.	Mansfield
Boylan	DeRouen	Hill, Knute	Marland
Brennan	Dickinson	Hill, Samuel B.	Martin, Colo.
Brown, Ky.	Dies	Howard	Martin, Oreg.
Brown, Mich.	Dingell	Huddleston	May
Browning	Disney	Imhoff	Mead
Brunner	Dobbins	Jacobsen	Meeks
Buchanan	Dockweiler	Jeffers	Miller
Buck	Doughton	Jenckes	Milligan
Bulwinkle	Drewry	Johnson, Okla.	Montet
Burch	Duncan, Mo.	Johnson, Tex.	Moran
Burke, Calif.	Durgan, Ind.	Johnson, W. Va.	Morehead
Burke, Nebr.	Eagle	Jones	Musselwhite
Byrns	Elcher	Kee	Nesbit
Cady	Ellzey, Miss.	Keller	Norton
Caldwell	Faddis	Kenney	O'Connell
Cannon, Mo.	Farley	Kerr	O'Connor
Carden	Fernandez	Kleberg	O'Malley
Carley	Fitzgibbons	Kloebe	Oliver, Ala.
Carpenter, Kans.	Fitzpatrick	Kniffin	Oliver, N.Y.
Cartwright	Flannagan	Kocialkowski	Owen
Cary	Fletcher	Kopplemann	Parker, Ga.
Castellow	Ford	Kramer	Parks
Celler	Frear	Lambeth	Parsons
Chapman	Fuller	Lanham	Patman
Christianson	Fulmer	Larrabee	Peterson
Church	Gambrill	Lea, Calif.	Pettengill
Clark, N.C.	Gasque	Lehr	Peyser
Cochran, Mo.	Gavagan	Lesinski	Pierce
Coffin	Gillespie	Lewis, Colo.	Pou
Colden	Gillette	Lindsay	Prall
Cole	Glover	Lloyd	Ragon

Ramsay	Sandlin	Sutphin	Wearin
Ramspeck	Schaefer	Swank	Weaver
Randolph	Schulte	Tarver	Weideman
Rankin	Scruggam	Taylor, Colo.	Werner
Rayburn	Sears	Taylor, S.C.	West, Ohio
Reilly	Secrest	Terrell	West, Tex.
Richards	Shallenberger	Thom	White
Richardson	Simpson	Thomason, Tex.	Whittington
Robertson	Sirovich	Thompson, Ill.	Wilcox
Robinson	Sisson	Turner	Willford
Rogers, N.H.	Smith, Wash.	Umstead	Wilson
Rogers, Okla.	Snyder	Utterback	Wood, Ga.
Rudd	Spence	Vinson, Ga.	Woodrum
Ruffin	Steagall	Vinson, Ky.	Young
Sabath	Strong, Tex.	Wallgren	The Speaker
Sadowski	Stubbs	Walter	
Sanders	Studley	Warren	

## NAYS—117

Allen	De Priest	Johnson, Minn.	Rogers, Mass.
Andrew, Mass.	Dirksen	Kahn	Seger
Andrews, N.Y.	Ditter	Kelly, Pa.	Sinclair
Arens	Dondero	Kinzer	Smith, Va.
Ayers, Mont.	Douglass	Knutson	Stalker
Bacharach	Dowell	Kvale	Stokes
Bacon	Dunn	Lambertson	Strong, Pa.
Bakewell	Eaton	Lemke	Sweeney
Beedy	Edmonds	Lewis, Md.	Swick
Blanchard	Eltse, Calif.	Luce	Taber
Boileau	Englebright	Lundeen	Taylor, Tenn.
Bolton	Evans	McCormack	Thurston
Britten	Focht	McLean	Tinkham
Brumm	Foss	Mapes	Tobey
Burnham	Gibson	Martin, Mass.	Traeger
Carpenter, Nebr.	Gilchrist	Merritt	Treadway
Carter, Calif.	Goldsbrough	Millard	Turpin
Carter, Wyo.	Granfield	Monaghan	Watson
Cavichia	Guyer	Mott	Welch
Chase	Hancock, N.Y.	Muldowney	Whitley
Cochran, Pa.	Hartley	Murdoch	Wigglesworth
Collins, Calif.	Healey	Palmisano	Withrow
Collins, Miss.	Hess	Parker, N.Y.	Wolfcott
Condon	Hoeppel	Peavey	Wolfenden
Connery	Hollister	Perkins	Wolverton
Connolly	Holmes	Polk	Wood, Mo.
Crosser	Hooper	Powers	Zioncheck
Crowther	Hope	Ransley	
Culkin	James	Reece	
Darrow	Jenkins	Rich	

## NOT VOTING—65

Abernethy	Doxey	Kennedy, N.Y.	Schuetz
Almon	Driver	Kurtz	Shannon
Auf der Heide	Duffey	Lamneck	Shoemaker
Bankhead	Fiesinger	Lanzetta	Smith, W.Va.
Beck	Fish	Lee, Mo.	Snell
Black	Foulkes	Lehlbach	Somers, N.Y.
Brand	Gifford	McDuffie	Sullivan
Brooks	Goss	McFadden	Summers, Tex.
Buckbee	Harlan	McLeod	Truax
Busby	Hart	Marshall	Underwood
Cannon, Wis.	Higgins	Mitchell	Wadsworth
Chavez	Hoidale	Montague	Waldron
Claiborne	Hornor	Moynihan	Williams
Clarke, N.Y.	Hughes	O'Brien	Woodruff
Cooper, Ohio	Kelly, Ill.	Reed, N.Y.	
Dickstein	Kemp	Reid, Ill.	
Doutrich	Kennedy, Md.	Romjue	

So the bill was passed.

The SPEAKER. The Clerk will call my name.

The Clerk called the name of Mr. RAINEY, and he answered "aye" as above recorded.

The following pairs were announced:

On the vote:

Mr. Hoidale (for) with Mr. Kurtz (against).  
 Mr. McDuffie (for) with Mr. Doutrich (against).  
 Mr. Bankhead (for) with Mr. Wadsworth (against).  
 Mr. Auf der Heide (for) with Mr. Goss (against).  
 Mr. Dickstein (for) with Mr. Lehlbach (against).  
 Mr. Claiborne (for) with Mr. Gifford (against).  
 Mr. Driver (for) with Mr. Somers, N.Y. (against).  
 Mr. Kemp (for) with Mr. Waldron (against).  
 Mr. Kennedy, N.Y. (for) with Mr. Marshall (against).  
 Mr. Sullivan (for) with Mr. Moynihan (against).  
 Mr. Williams (for) with Mr. Higgins (against).  
 Mr. Cannon, Wis. (for) with Mr. Beck (against).  
 Mr. Kennedy, Md. (for) with Mr. Reid, Ill. (against).  
 Mr. Smith, W.Va. (for) with Mr. Woodruff (against).  
 Mr. Almon (for) with Mr. McLeod (against).

Until further notice:

Mr. Black with Mr. Snell.  
 Mr. Schuetz with Mr. Buckbee.  
 Mr. Kelly, Ill., with Mr. Fish.  
 Mr. Lanzetta with Mr. Cooper, Ohio.  
 Mr. Abernethy with Mr. Reed, N.Y.  
 Mr. O'Brien with Mr. McFadden.  
 Mr. Shannon with Mr. Clarke, N.Y.  
 Mr. Lee, Mo., with Mr. Shoemaker.  
 Mr. Summers, Tex., with Mr. Romjue.  
 Mr. Busby with Mr. Hart.  
 Mr. Mitchell with Mr. Foulkes.  
 Mr. Chavez with Mr. Doxey.

Mr. CULLEN. Mr. Speaker, I am requested to make the following announcements. The following Members were unavoidably absent, but if present would vote "aye": Mr. WILLIAMS, Mr. DRIVER—

Mr. PARKER of Georgia. Mr. Speaker, is it permissible under the rule for a gentleman to make an announcement of that kind?

The SPEAKER. It requires unanimous consent.

Mr. PARKER of Georgia. Then I object.

Mr. CULLEN. Mr. Speaker, I had the floor and had started to announce the names.

Mr. PARKER of Georgia. I think if a Member of the House desires to be recorded he should be here and vote.

Mr. CULLEN. If the gentleman will yield, these men are not able to be present; they are ill. If they were not ill, they would be here.

Mr. PARKER of Georgia. If these Members have communicated with the gentleman from New York and made known to him that they cannot be present and how they would vote if present, and if the gentleman will state that on his own responsibility, I will not object. I do seriously object to the gentleman from New York or any other Member calling the roll of absent Democratic Members of the House and stating how they would vote on certain legislation if present when the announcer does not have personal knowledge that his statements are correct in fact and that he has been authorized to make them.

Mr. CULLEN. I so state. I take the responsibility on my shoulders that they have communicated with me in that regard.

Mr. PARKER of Georgia. I withdraw my objection.

Mr. CULLEN. I now state that the following Members, if present, would vote "aye": Mr. TRUAX, Mr. FIESINGER, Mr. LAMNECK, Mr. DUFFY, Mr. HARLAN, Mr. UNDERWOOD, Mr. HORNOR, Mr. BROOKS, Mr. BRAND, and Mr. MONTAGUE.

Mr. ELLZEY of Mississippi. Mr. Speaker, my colleague, Mr. DOXEY, of Mississippi, is unavoidably detained, having been called to one of the departments for a very important conference. If present, he would vote "aye."

The result of the vote was announced as above recorded.

On motion of Mr. WOODRUM, a motion to reconsider the vote whereby the bill was passed was laid on the table.

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent that all Members of the House may have 5 legislative days within which to extend their own remarks in the RECORD on the independent offices appropriation bill.

The SPEAKER. Is there objection?

There was no objection.

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent that the clerk to the Committee on Appropriations be permitted to correct the totals and the section numbers in the bill.

The SPEAKER. Is there objection?

There was no objection.

Mr. CARPENTER of Nebraska. Mr. Speaker, before becoming a Member of this body I conducted a campaign in which I set forth certain declarations of what my policy would be if elected. No doubt every Member here did the same thing. No one is more interested in governmental economy than I am, but I think Congress has erred many times in its definition of economy. More than that, I think a great number of the Members have either forgotten or ignored their campaign pledges.

The cost of Federal Government is borne largely by the rich. Income taxes, tariff duties, internal revenues, and other taxes, collected from large corporations and from wealthy individuals, are used entirely for Federal Government expenditures. Now, these taxes and revenues are not borne directly by the people of my district in Nebraska, nor are Federal taxes an immediate problem out there. The pressure from local taxes, however, is particularly acute, and the burden of high interest on money they owe is heavy. Of course, the Federal Government cannot reduce local taxes; and the passage of the farm mortgage bill should relieve the interest burden to some extent. Also, the inflationary measures adopted by this body should raise the price



of farm commodities. Thus, insofar as these measures go, this Congress has materially assisted the people of the State of Nebraska.

But there is another problem confronting many individuals in my district, and this Congress has not only failed to help these men but it has actually hurt them. I am referring to the veterans of the World War and the Spanish War. I do not come here to shed tears about "those who gave their all on the battlefields", and grow maudlin in anguish as I pay tribute to those "defenders of the flag." There have been too many such speeches made here entirely for effect and not from sincerity of heart or purpose. Nor am I here to plead for continued pensions and benefits for those who were not injured in service and who are not entitled to Government help.

There are thousands of disabled and deserving veterans in Nebraska, and all of them have been hard hit by the drastic cuts in benefits. There is a regional office at Lincoln where these veterans may appeal for aid, and I want that office continued. I think the veterans of my State are entitled to it. There has been money appropriated by this Congress for almost every purpose known to politicians. We have appropriated here \$50,000 to dig up bones of prehistoric animals. Sometime ago Congress voted \$3,000,000 to eradicate the fruit fly from the orange groves of Florida. Another Congress spent \$5,000 to hang Cal Coolidge's picture in a gallery. There is not enough money appropriated in this bill, however, to carry on the work of this regional office in Nebraska and of similar offices in other parts of the United States.

We have taken pensions and benefits away from the veterans in the name of economy, but we have not provided jobs for them. It is an economic error to reduce wages and disability allowances before bringing a restoration of employment or opportunity otherwise to provide jobs and wages for these men. Now, I ask you why we should continue to advance economy at the expense of the ex-soldiers. Why should we take more crutches away from disabled and crippled veterans?

We have reduced wages affecting the little man. We have taken away pensions from veterans and their dependents. We have been trying to balance the Budget by taking all we can from the little man. Why have we not thought of taking something from the rich? When wages were reduced 15 percent, why did we not reduce the rate of interest we are paying the rich men who hold Government bonds? But instead of that we issued more bonds for the wealthy to buy and hold and collect interest thereon. If we are going to take all we can from the poor man and the veteran, let us take also from those who have the money. I have advocated that we issue ten billions of currency and pay it to the holders of callable Government bonds now drawing interest. The Government is back of both currency and bonds. Both are equally good, except that currency draws no interest while bonds continue to enrich those already wealthy. If we saved this interest on bond issues, we would not have to balance the Budget at the expense of the veteran.

Money paid to veterans of Nebraska is money collected by the Federal Government principally from the rich. That is why the big interests are opposed to any assistance being given to ex-soldiers. When money is paid to Nebraska veterans or Michigan veterans it helps the State. By cutting down benefits to veterans the Government has actually hurt business in Nebraska. It is universally agreed that the depression is being prolonged by a continued failure to improve the buying power of the people. We cannot come out of the depression by taking money from veterans and their families. Rather, I think, the full payment of the adjusted-compensation certificates should be one of the greatest things that could be done now to bring a new prosperity.

Destruction of buying power of the masses has wrought havoc to Nebraska farmers. Lowering wages and cutting veterans' compensations mean that those people cannot buy products from Nebraska farms. We are working backwards on this thing, gentlemen. We are not improving conditions

by stripping the veteran of his pittance and then giving it to big business. If the Government has money for railroads, for banks, for insurance companies, and for everything else in the world of big business, it has money to send to the needy veterans of the State of Nebraska or anywhere else.

Let us not be false to our promises. We have double-crossed the veterans long enough this session. We have thrown out all presumptive tuberculosis cases, we have discredited nervous cases, and we have made it almost necessary for a veteran to bring eyewitnesses to prove that he ever saw service. Gentlemen, no one can say what the after-effects of poison gas and shell shock may be. Medical science cannot say how long after a war is over the damage of shock is no longer felt on the nervous system. Spanish War veterans, whose records are lost or misplaced, can no longer expect any mercy from the Government it once defended. You know and I know that many deserving men are not going to get even a hearing on their cases. But Congress can go back and say that it has been "saving money."

Let us have economy, but let us not take everything from the common classes and let the wealthy retain their riches. Their laps are still full of luxury and their incomes are untouched. If we are going to take the livelihood from the small man, for God's sake let us take from the rich man as well. Let us keep our campaign pledges. We were elected by the common people, among whom are the veterans of all wars—for it is always the common people who fight on the field of battle when there is a war. We should legislate for the common people and not for the rich.

Mr. Speaker, in my opinion the Veterans' Administration will be curtailed entirely too much by this bill, the so-called "independent offices bill." I am opposed to its passage. I want the veterans of my State to have regional offices, so they can appeal their claims, and there is not enough money appropriated for it in this bill. I am for economy, but a dollar is less valuable in my sight than the health and welfare of the ex-soldier.

Mr. RANDOLPH. Mr. Speaker, I am whole-heartedly in favor of balancing the Budget. I believe that our national credit must be maintained, else all veterans' compensation, all regional offices, all hospitalization will be but the details of a story of national disaster. But is it necessary to abolish the regional offices to maintain the credit of the United States? Let us take all of the pathos out of this discussion and look at the problem as it actually exists before us in concrete form.

Everyone knows that into the administration of the compensation and pension laws entered graft and fraud. Case after case could be cited of fingers shot off, toes injured, minor difficulties and diseases construed into war-time and peace-time disabilities, entitling the possessor of such troubles to compensation from the Government. Indeed, a member of the present bonus army encamping on a vacant lot back of the House Office Building voluntarily told me today in my office of several cases of the grossest frauds of this kind. I know myself of a practicing attorney at law, making far more money than the average attorney today, who was drawing compensation of this character just a few weeks ago. But, Mr. Speaker, in our enthusiasm to purge ourselves of frauds and deceits let us not in turn become oppressors of the honest veteran who is fairly entitled to care by his Government, for whom he made needed sacrifice.

In my own district in West Virginia veterans residing in the three eastern counties of the State are within the radius of the Washington office. It takes only 2 hours to travel to Washington and in 1 day the examination by the Veterans' Administration and the trip to and from this city is history. Veterans residing in other counties of my district must apply for compensation through the regional office located at Charleston, W. Va. Even then from most parts of my district the Washington office is as easily accessible as the Charleston office. Therefore, my own district would not be greatly affected by the abolishment of the Charleston office and the handling of all claims through the Washington office. Yet, Mr. Speaker, I am enthusiastically in favor of the McCormack amendment. A rate table furnished by



any one of the trunk-line railroads will at a glance reveal the hardship which would be worked upon the thousands of honest veterans in all parts of the country who, in many cases, have little enough money for food—far less money for traveling to Washington for examination and presentation of their claims.

It is the least we can do to furnish the truly sick and disabled veteran an opportunity to prove his claim close to home. If the particular claim be false, diligent examining officials may protect the United States Treasury; but at least let us give him his day in court. Let us not add to the despairing outlook of the unemployed veteran the hopelessness of spirit of the thwarted sick veteran.

On April 27 I wrote to the White House the following:

While I voted for the Economy Act in the interest of the American people as a whole, I do not believe it is necessary to work such a hardship upon the veterans by taking away from them these regional offices. It is impossible for the majority of the veterans to travel to Washington on matters pertaining to their disability, etc., and consequently many worthy cases will be neglected.

I am glad of an opportunity to speak in behalf of the McCormack amendment, and I am glad that President Roosevelt has called for a liberalization of veterans' administration. I voted for the Economy Act when it was before the House of Representatives. It was an act to maintain the credit of the United States. It was necessary to the elimination of fraudulent drains on our Treasury. It was necessary to the balancing of the Budget and the restoration of confidence.

As President Roosevelt said in his message to Congress, in order to remedy the grave situation facing the country at that time it was necessary for that legislation to go into effect at once. The President asked for delegation of authority to himself to effect economies "in justice to all" and "with sympathy for those who were in need." I felt that he would be sympathetic to the veterans. I feel now that I did not misplace my trust nor did the American people misplace their trust in delegating such authority to him.

If the measures inaugurated by the President and this Congress in the last few months result in restored confidence, in better business conditions, in lessening of unemployment, they will more effectively alleviate the veterans' distress than all of the allowances ever made in the form of disability claims. In the midst of this business revival the honest disabled veteran asks for retention of the regional offices. He does not ask for approval of his claim without investigation. He asks only for the right to a prompt and sympathetic hearing. Because of his lack of money or unemployment he cannot come to Washington, and to abolish his nearest regional office is, therefore, to deny him a right to such hearing. The \$3,000,000 needed for maintenance of these offices is a small sum to pay for the confidence of thousands of citizens in our Government, because we have provided a court in which they may present their claims.

#### CONTESTED-ELECTION CASE—BOWLES V. DINGELL

The SPEAKER laid before the House the following communication, which, with the accompanying papers, was referred to the Committee on Elections No. 3:

WASHINGTON, D.C., May 9, 1933.  
HON. HENRY T. RAINEY,  
Speaker of the House of Representatives,  
Washington, D.C.

MY DEAR MR. SPEAKER: There is herewith transmitted petition and accompanying letter relating to the election in the Fifteenth Congressional District of the State of Michigan, held on the 8th day of November 1932, for the election of a Representative in Congress from that district.

Very truly yours,

SOUTH TRIMBLE,  
Clerk of the House of Representatives.

#### COMMITTEE TO VISIT PHILIPPINE ISLANDS

The SPEAKER also laid before the House the following communication:

MAY 10, 1933.  
HON. HENRY T. RAINEY,  
Speaker House of Representatives,  
Washington, D.C.

MY DEAR MR. SPEAKER: On April 29 Senator Quezon, Senator Osmena, and Speaker Roxas, of the Philippine Legislative Mis-

sion, directed a letter to the Vice President requesting that a committee of Congress visit the Philippines soon after the Philippine Legislature has acted upon the Philippine Independence Act, which will be submitted to it at its next regular session in July.

I join in this suggestion, believing that such a visit would be mutually beneficial to the Philippines and the United States.

There is herewith transmitted a copy of the letter to the Vice President, which I respectfully request be laid before the House.

Very sincerely yours,

PEDRO GUEVARA.

#### SOME PROBLEMS OF TRANSPORTATION

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by placing therein some remarks made by myself to the transportation division of the United States Chamber of Commerce, which met in Washington a few days ago.

The SPEAKER. Is there objection?

There was no objection.

Mr. RAYBURN. Mr. Speaker, with progress in invention, first one form of transportation and then another appears to be most important. At present, the railroad is the dominant mode. When we inquire as to the relative importance of one agency as compared with others, the answer depends upon the basis for the comparison.

If present capital investment be the basis, the railroad represents the largest investment. The highways, though, are rapidly approaching the railroads in that regard, and within a few years will, no doubt, represent a larger sum of capital. In the amount of freight carried the railroad is of transcendent importance. The ton-miles by rail are about three times the ton-miles by inland waterways. No competitor of the railroad for tonnage shows a definite and steady increase except the trucks. If the basis for comparison be the number of passengers carried, then the privately owned motor car is far and away in the lead. If the number of people to whom employment is furnished be taken as a basis for comparison, then motor vehicles are more than twice as important as their nearest competitor, the railroads. The railroads formerly gave employment to about 2,000,000 people. Today they employ approximately 1,000,000. Motor transportation furnishes employment for about two and one half million.

These illustrations are sufficient to indicate that the American people are not definitely committed to any one particular vehicle, but prefer to choose the vehicle best suited to the needs of the moment. Obviously there is a demand for pipe lines or they would not be operated profitably, as they are. There is a demand for water transportation for certain types of commodities, a promise of permanent accepted service by the airways, and great demand for railway and motor services.

When the railroad first appeared its use was resisted by the owners of steamboats on the rivers, by those interested in canals and toll roads. During the course of two generations the railroad almost achieved a monopoly in transportation. When the railroad was struggling, novel, and still in the experimental stage of its development, it received large subsidies from the Government and all manner of encouragement, because it was recognized as a competitor of the steamboat, the canal boat, the stagecoach, and the freight wagons on the highways. When it was seen that the railroad was about to achieve a monopoly by reason of its advantages the subsidies were withdrawn and the people, through their State and Federal Governments, set up regulatory machinery as a protection against a monopoly. The people have never been quite satisfied that they could get as good results from a regulated monopoly as they could under competitive conditions. For that reason the American people have encouraged the waterways and have welcomed the development of motor transportation as a competitor of the railroads. A proposal to put all of these means of transportation under one company leaves the average American citizen cold, because he sees in such a proposal the substitution of monopoly for competitive conditions.

At present there are two trends in public opinion, as public opinion registers before congressional committees. One trend is toward further regulation and the inclusion of all means of transportation within the jurisdiction which



Congress would exercise over transportation. Those making this contention claim that it is unfair to subject the railroads to strict regulation and leave the competitors of the railroads with less regulation. The other trend is toward less regulation of the railroads and is opposed to the exercise of Federal control over the newer modes of transportation.

Those in line with this trend oppose the exercise of Federal control of interstate commerce by motor bus or by airway and favor the repeal of some of the regulation now exercised by the Interstate Commerce Commission on the theory that the railroad has now ceased to have a monopoly, and that no agency at present promises to achieve a monopoly, and that the results of competition between the different means of transportation will give to the public benefits which are fully as acceptable, if not more so, than would follow from regulation. Opinion has not yet fully crystallized, the country has not yet made up its mind which of these alternatives to choose. In the meantime there are those who are earnest in their endeavors to make up the mind of the country. For example, a certain group of security owners have been quite active in arguing for a further extension of the powers of the Federal Government, for consolidations, and for the so-called "coordination of the agencies of transportation." I gather that what they mean by coordination is to place the different agencies of transportation in the hands of a single corporation. That particular group seems to think that such a corporation should be either a railroad company or a company dominated by railway interests.

If all possible inventions could be made at once and the practical and desirable ones could be wisely selected, society might become static and the risks incident to investing money might be reduced to a minimum. It appears that human beings take their time about making discoveries and when they are made it is frequently without warning to those who would be most affected. Consequently, there are inevitable risks in putting money into fixed capital designed to bring to people the benefits of a newly discovered and economical device. The greatest risk is that something more economical and more generally acceptable may be found out. Within a hundred years the owners of turnpikes charging tolls have lost their investments. Canals have become largely obsolete. Electric interurbans brought great wealth to stockholders, and within the past few years have been unable to meet interest on their fixed charges. The owners of livery stables have had to go out of business. The wagon yard has been replaced by the garage. Now the railroads manifest some signs of incipient obsolescence, and the owners of junior securities and of first mortgages on some lines from which the traffic has flown are tactfully suggesting that Government ownership of railroads may be the way out.

In this discussion over the form that regulation should take, whether it shall be more or less, we are being constantly reminded of the numerous agencies for regulating transportation that have been set up by Congress in addition to the State regulatory bodies. It is pointed out that the Interstate Commerce Commission exercises jurisdiction over the railroads, express service, pipe lines, and somewhat over inland waterways, while the Bureau of Public Roads over in the Department of Agriculture was called upon to look after the highways, largely in a promotional way. When we turn to waterways and shipping, in addition to some jurisdiction of the Interstate Commerce Commission, we have other jurisdiction exercised by the Corps of Engineers of the War Department and the Bureau of Lighthouses and the Bureau of Navigation and Steamboat Inspection in the Department of Commerce. The Panama Canal is looked after by the President of the United States. The harbors are regulated by the War Department, the Department of Commerce, and the Coast Guard of the Treasury Department. Our inland, coastwise, and intercoastal shipping is fostered by the Department of Commerce, the Treasury Department, and the Shipping Board. And, finally, the Mississippi River Barge System has been committed to the Inland Waterways Corporation, located in the

War Department. The youngest and most spectacular means of transportation, the airways, are encouraged and permitted by the Aeronautics Branch in the Department of Commerce, and occasionally have their wrists slapped by the Post Office Department.

Those who believe that the hope of the railroads is to regulate everything else with equal severity point to all these promotional and regulatory activities of Congress in the field of transportation and demand that there be substituted therefor one dominant board or commission which will swing the big stick of Federal authority as heavily against the infant airways as against the giant railways, as lustily on the old and limping water transport as on the new and bumptious motor transport. They call for what they describe as a national system of transportation, under the firm guidance of the Congress and with the inference that all would then be lovely for investors. The other group who want less of Federal regulation point to these varied promotional and regulatory activities of the Congress and say that the changes that should be made are to lessen the authority of some of the commissions and perhaps to abolish some of the activities merely leaving sufficient control to make competition fair and to prevent its becoming unduly destructive. It will perhaps be a long time before we settle down in this country to one unchanging method of promoting and regulating transportation. So long as there are novel, new, and promising modes, there will be subsidies and encouragement by the Government. So long as there are threats of monopoly and the exercise of power by corporations analogous to that of the Government itself, there will be a public fear of such companies and a demand that they be restrained by Federal authority. So long as there are some modes like the railways, devoted almost entirely to interstate commerce, their regulation will, in a large measure, be by the Federal Government. So long as there are other modes, which, like the motor vehicle until recently, are largely intrastate, insofar as corporate activity is concerned, their regulation will be left in the main to the wisdom of the legislatures in the respective States. So long as there are invention, progress, and change, there will be hazards in making investments and losses through obsolescence. So long as there are shippers, security owners, and employees, their respective interest will from time to time appear to be in conflict and the Government will have to provide machinery for arbitration and procedure for orderly adjustment of their differences. Whether the action be by the State or the Federal Government will depend upon the character of the difficulty.

The present plight of the railroads is due only in part to the appearance of the new and competing forms of transport. The railroads have one thing to sell, and that is transportation. It matters not how much the people want to buy this commodity; they are unable to do it. The greatest immediate difficulty has been the present financial depression. That is more serious than it first appeared, because it has turned out to be the result of a mistaken policy on the part of our Government. Unwise tariff laws, complete neglect of markets for agricultural products, a deliberate and conscious diversion of the savings of the people into expanding industrial plants for foreign markets which were artificially created by lending our people's money abroad—all has resulted in a dislocation of the factors of production in this country, which will require time to readjust. As a consequence, carloadings in the railroads are the lowest in many years. Farmers are getting only 7 percent of the value of the national income instead of 15 percent of a few years ago, though they are producing about the same quantity of goods as ever before. That has destroyed their purchasing power to such an extent that many of our factories have had to close down. For example, manufacturers of farm machinery have been running in recent months only 15 percent normal capacity. With more wisdom in national affairs, the railroads will find themselves with increasing business.

It is not sufficient for the Government merely to lend money to the railroads. The taxpayers in this country can-



not be expected indefinitely to carry the deficits of those corporations. Yet to permit the railroads to go into receiverships will affect the insurance companies and the savings banks to such an extent as to bring to our country a major disaster.

The mere lending of money by the Government is a palliative; it is treating the symptoms. Something more fundamental must be done.

We must win back our foreign markets for agricultural products, and readjust our production and distribution on a basis which will enable our manufacturers and farmers to prosper together. Second, in regulating the means of interstate commerce we must recognize that the railroads have ceased to have a monopoly in transportation. Our interest in wage earners must include those who work in the new and competing agencies of transport. As a Government, we must not limit our interest in the workers to any one group. We must insist upon reasonable hours, decent working conditions, devices for safety of person, and fair wages for workers in the new and developing lines of transportation along with those on the railroads. Our views as to consolidation will have to be revised in the light of changed conditions. The weak lines of railroad which we hoped to save through consolidating them with strong lines under the act of 1920 have in many instances already been scrapped. In some instances the consolidations which we desired have been effected. In many other cases a hard-surface road with trucks and busses has reached out to the communities which 10 or 12 years ago were wholly dependent upon a weak railroad. The consolidations should not merely call for preserving service on weak railroads, but should enable the transportation companies to experiment in coordinating the various agencies of transportation so as to sell the shippers and passengers the transportation they want at the time they want it at the lowest rate which would be fair to all interests. That does not mean that the railroads should be given a monopoly of transportation with a view to strangling the new and competing forms.

The holding company, properly regulated, will be a device for effecting such experimentation until its success is demonstrated, when complete amalgamation and consolidation would logically follow. The holding company, heretofore, has been used not only for such purposes, but we have found upon inquiry that it has also been utilized to get around the law, to inflate capitalization, and to thwart the policies of the Government. The people of this country want such abuses stopped and they want the opportunity for irresponsible exploitation to be taken away from men who think more of their own power than they do of the public welfare.

Now for some things which I think should be done—the Committee on Interstate and Foreign Commerce has reported a bill to regulate railroad holding companies. It is now on the calendar of the House of Representatives, and it is my expectation that this bill will pass during this session. When Congress permitted railroads to consolidate with the approval of the Interstate Commerce Commission it was not contemplated that one financial interest should acquire two or more railroads through the device of a holding company without saying anything to the Interstate Commerce Commission about it. To permit that sort of thing is to render ineffective the attempt of Congress to regulate the consolidation of railroads in the public interest. The railroad holding company bill is designed to correct this evil and to force holding companies that own two or more railroad companies to make public through the Interstate Commerce Commission their accounts and to get the authorization of the Commission before they issue securities based on their ownership of railroads.

When we looked upon the railroads as complete monopolies, we understood that rates which would be reasonable for all of them would permit some of them to make more than a reasonable return. Congress therefore provided for recapture of what were termed "excess earnings." This money, as received, was to be loaned to the weaker railroads. This provision has become obsolete: First, because the railroads are no longer in the position of complete monopoly; second,

because experience has shown that the Interstate Commerce Commission, with all the moneys and facilities furnished by Congress, cannot evaluate the railroads, compute the earnings, and collect the excess within a reasonable time. Again, the recapture of these earnings which were enjoyed before 1929 by particular railroads, if enforced, would put most of such roads into receivership. The Government of the United States is loaning large sums of money to some of these very roads or affiliated systems to keep them out of bankruptcy. Would not it be the height of folly to loan them money from the Treasury of the United States to prevent bankruptcy and then to ask the Attorney General to institute legal proceedings based upon earnings for a particular year before 1929 which would result in receivership, if the Attorney General should succeed in his effort?

I am therefore in favor of repealing the recapture provision of section 15 (a) of the act of 1920, and a revision of the rate-making section thereof. Recapture can be accomplished only after long, bitter, and expensive lawsuits in which the railroads could assert that the sum they had earned was far less than claimed by the Commission. Why go through all that expense and futile litigation when we know that if the Government was successful, it would merely force the railroads into receivership? The railroads do not have that money in cash; they spent it for terminals, new locomotives, grade crossings, and the like, which are not now being used to their capacity.

The Committee on Interstate and Foreign Commerce of the House reported a bill to repeal the recapture provision of section 15 (a) and to rewrite the rate-making provision of that section. This bill is now on the calendar of the House of Representatives and it will no doubt receive careful consideration of the Congress at this session.

Legislation for the control of busses and trucks doing business in interstate commerce should be enacted. I do not belong to the school of thought that believes that this competing form of transportation should be unregulated. On the other hand, I do not belong to the other extreme school that desires to see this competing system of transportation put out of business. The power of government should never be used to destroy a competitor but the Government should see that the competitor is put under reasonable regulation.

In this, chambers of commerce, leading shippers, railroad companies, automobile manufacturers, highway-construction companies, those interested in airways, waterways, pipe lines, all find a common program on which they can agree and all cooperate in promoting the general prosperity of the country. May these larger interests dominate the minds of leaders in American industry? If so, the calls upon the Government for interference and for regulation will be fewer, less insistent, and properly subordinate, and there will not be the danger that such calls for action and interference by the Government will be exaggerated as of paramount importance. Prosperity will come to this country as a result of the activity of individuals and of business concerns. While well-considered legislation may help or ill-considered legislation may hinder, legislation in itself is powerless to produce prosperity.

After all, abundance of money, easy gains, hectic commercial activity, are not essential to social and political well-being. A recognition that there are ups and downs in the industrial progress of a nation, just as there are ups and downs in the fortunes of an individual, should enable us to bear with patience many of the inconveniences and afflictions of a depression and should sober our judgment during a time of exceptional business activity. In the field of transportation no one group should have the advantage. Shippers should pay a fair charge. Security owners should receive a customary return. Wage earners should be secure in good working conditions and fair wages. Any improvement should go to the benefit of all three groups. The aim of regulation by government is to encourage fair dealing, punish wrong, to remove temptation to arrogance by the strong, and to protect the weak from injustice. If the Government can achieve these ends in the field of transportation, it can do so in every other sphere of its activi-



ties. If the Government succeeds in performing its functions, it will be because such men as the Members of this Chamber can work together and be fair in competition with one another.

#### CRIME IN HIGH PLACES

Mr. OLIVER of Alabama. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by placing therein the speech recently made over the radio by the Attorney General.

The SPEAKER. Is there objection?

There was no objection.

Mr. OLIVER of Alabama. Mr. Speaker, I ask unanimous consent to have printed in the RECORD a speech delivered Monday, April 24, 1933, by the Honorable Homer S. Cummings, Attorney General of the United States, and broadcast over the Nation-wide network of the National Broadcasting Co. The speech not only gives a splendid sketch of the Department of Justice from the date it was organized but traces its development through the years and makes a most informing statement of large savings to be effected during the next fiscal year, which total more than \$8,000,000.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

When Edmund Randolph, of Virginia, was appointed Attorney General by President Washington, pursuant to an act of the First Congress, adopted on September 24, 1789, a Department of Law, subsequently designated as the Department of Justice, had its origin. From a very modest beginning it has developed to its present rather overwhelming proportions.

The Attorney General of the United States, it has frequently been remarked, is at the head of the largest law office in the world. About 9,000 employees and officials fall within its direct supervision. It is a complicated mechanism, dealing with questions affecting hundreds of millions of dollars and the most sacred of human rights. Its functions have never been more important or more vital than they are today.

On a later occasion I shall discuss the wider purposes and the special activities of the Department. Tonight let me draw your attention to the field occupied by it and the general duties it has to perform.

In times of great prosperity, when things appear to run themselves, our people are inclined to take our Government for granted. When trouble develops, we appreciate more acutely the extent to which our welfare is dependent upon the proper functioning and economical administration of the various departments of our Government. Such periods result in a sharp awakening of public interest. We are passing through such a period at the present time. Clearly there should be a thorough overhauling of every department of our Government. This is a process which cannot be accomplished by a wave of the hand. It is going to require persistent, intelligent, and unrelenting effort over a very considerable period of time.

When this administration came into power on the 4th of March, public affairs were in a deplorable and, let me add, well-nigh desperate condition. The incoming administration and all the departments thereof were, therefore, under necessity of dealing not only with an immediate crisis calling for the utmost swiftness and precision in action, both administrative and legislative, but they were required also to meet the imperative problem of departmental economy, so that the National Budget might be balanced. In other words, each and every department had to undertake a cleansing process and had to bring itself into efficient coordination with the National Government as a whole. Moreover, each department was required to extend its activities and at the same time cut its expenditures by substantially 25 percent. Difficult as this program may seem and as impossible as it appeared to many people before it was undertaken, it has now advanced to a stage which enables us to say that the results aimed at will be achieved. It is a source of gratification to realize that the people of this country, without respect to partisanship, are thoroughly in accord with this program of regeneration.

There seems to be an impression in many quarters that the chief duty of the Department of Justice is to detect and punish violators of the Federal criminal laws. This, of course, is one of its essential functions, but there are others of great importance. For instance, the Department defends all civil claims against the Government. This involves the consideration of an endless number of cases dealing with suits based on contracts, claims made for the refund of taxes asserted to have been overpaid, and various other matters of a similar nature. In addition to this the Department represents the United States in innumerable civil suits to recover moneys claimed to be due to the Government; it proceeds in matters of land condemnations and in other types of litigation too multifarious to mention.

Moreover, the Attorney General acts as adviser to the President and to the heads of the various executive departments in matters involving questions of law, and is frequently called upon for both written and oral opinions. In addition to this the services of the Department are invoked in connection with the drafting of new legislation, especially with reference to matters involving novel

and difficult problems. In a word, the Attorney General, together with the available machinery of the Department of Justice, is at the disposal of the Government of the United States in performing the functions of attorney and counselor at law. The client is the United States of America, and this client is advised from time to time and, when necessary, represented in the courts of the land.

For purposes of convenience the work of the Department of Justice is allocated to sundry subdivisions. There are many of these, and 12 of them are of outstanding significance. One of these great subdivisions is under the direction of an official known as the Solicitor General. It is a post of very great importance and one which has consistently been held by lawyers of the first rank. There is a department presided over by an official known as the Assistant to the Attorney General, who has charge of anti-trust matters. There are seven Assistant Attorneys General, amongst whom there are allocated matters dealing with the United States custom laws, suits in the Court of Claims, matters dealing with admiralty questions, finance, taxation, prohibition, commerce, public lands, administrative functions, civil litigation, and criminal prosecutions. In addition to all the foregoing there are three remaining departments of very great consequence. One of these deals with the matters affecting the enforcement of prohibition, and the official in charge is known as the Director of Prohibition. Another large department is known as the Bureau of Investigation, and is in charge of the director of the Bureau of Investigation. Last, but far from being least, is the official known as the Director of the Bureau of Prisons. To his care all Federal prisoners are committed. He has charge of the management of the Federal prisons, and he must deal intimately with one of the most difficult and perplexing of administrative and social problems.

During the year ended June 30, 1932, there were commenced in the United States district courts alone 126,363 cases to which the Government was a party, as compared with 22,541 in the fiscal year of 1914. While the prohibition law has undoubtedly brought about the greatest proportion of this increase, other factors have contributed in no small degree. New penal statutes, the enforcement of which devolves upon the Department of Justice, are constantly being enacted. The revenue laws are frequently changed, thereby resulting in the raising of new questions for judicial determination. The questions which can arise in the customs department seem to be without end. Literally the suits there are legion. The engineering and construction projects of the Government have multiplied enormously in recent years. Thus there has been an inevitable enlargement of the functions of the Department of Justice. It has grown as the Nation has grown. The new legislation enacted by the present Congress will undoubtedly in due course bring new responsibilities and duties to the Department of Justice. Moreover—and I say this advisedly—financial crimes which have been committed in high places, growing out of banking irregularities and income-tax evasions, will require unexampled activity upon the part of the Department of Justice. Conditions too long concealed, some of which lie at the very heart of our present difficulties, must be brought to light and corrected. We have reached a stage where we want to know the worst and must know it before the remedy can be applied. Already extensive investigations are under way along the lines indicated, and their developments will be made known in due course.

I have said before, and I say again, that those who have considered it legitimate to gamble with other people's money must abdicate their leadership, and those who have thought that the center of government is located in the financial district must learn that its proper seat is at Washington. This is not a program of partisanship; it is a program of patriotism, which I am confident the people of America, without respect to previous party affiliation, will welcome with glad hearts.

I would not be frank if I did not say that I am amazed at the extent of the deadwood in the Department of Justice. An amount in excess of \$200,000 has already been saved by the elimination of a large number of totally unnecessary employees both in Washington and in the field. This process of elimination I expect to continue. Substantial savings can also be made in the offices of practically every United States district attorney. These savings will have to do with the number and compensation of assistant United States attorneys and employees in the offices of United States marshals, as well as in the limitation of fees paid to jurors and witnesses. Those who remain in the service will have to work a little harder and at a lower remuneration; but, if they are made of the right stuff, they will realize that they are taking part in a constructive and honorable way in a great regenerative national program; and I shall confidently expect their hearty cooperation and support.

The appropriations for the Department of Justice for the fiscal year ending June 30, 1933, total \$45,966,000. From present indications there is every reason to believe that when June 30 next is reached there will remain about a million dollars of these appropriations unexpended. This in itself is no mean achievement. The Congress has appropriated \$41,550,000 for the fiscal year ending June 30, 1934. There would be no difficulty, I am sure, in living within the amount allowed; but under the drastic plans of economy inaugurated by the administration and steadfastly carried forward by the very efficient Director of the Budget, Mr. Douglas, the Department of Justice has been requested to reduce this amount by about eight and one-half million dollars. This goal it will be our purpose to reach. It will require careful management, strict economy, limited ex-



penditures, reduced personnel, and savings in many directions. We have set our hands to this plow, and we shall not turn back.

One of the most difficult questions we shall have to deal with is the matter of the enforcement of the prohibition law. The Congress has reduced the appropriation for this branch of our activities from about ten and one-quarter million dollars to about eight and one-half million dollars. This revised appropriation must further be reduced in order to bring about the additional savings which the economy program requires. The enactment of the 3.2 beer legislation, it is to be hoped, will reduce the number of minor offenders, resulting not only in a direct saving but in the indirect saving which is reflected in the costs of our courts and in the expense of maintaining prisoners. It must not be forgotten, however, that the eighteenth amendment has not been repealed, and so long as it remains the law of the land it will be the duty of the Department of Justice to use its utmost efforts to see that it is respected and enforced. Minor offenders may well be left to the judgment and discretion of local courts, so that the work of the Bureau of Prohibition may be concentrated upon the activities of commercial violators, racketeers, and groups of offenders who make it their business, by conspiracy and violence, to defraud the Government, terrorize legitimate business, and bring the law into disrespect.

It is highly important that the legitimate, legalized beer industry should be kept free from the control of racketeers. It is to be anticipated—and, indeed, it has already become apparent—that the bootlegging interests will seek to levy a toll on the manufacture and distribution of legal beer as they have done for years with regard to illegal liquor and even more innocent enterprises. No matter how honest the beer industry itself may be, there remains the danger that it will be preyed upon by outside influences. This in itself constitutes a very substantial problem. Those who are endeavoring honestly to live within the law will find a friend in the Department of Justice; others will proceed at their peril.

There is another aspect of the work of the Department of Justice to which I ought to draw your attention. It cannot be called a self-supporting branch of the Government; nevertheless, the activities of the Department result in the covering into the Treasury of a large amount of money through the settlement of judgments, the imposition of fines, the collection of additional revenues, and various forms of taxes.

Moreover, this Department saves the Government substantial sums of money in defending, with success, suits brought against it. For instance, during the fiscal year now drawing to a close cases were brought against the United States involving more than \$470,000,000. In these cases judgments were rendered against the Government for only \$5,500,000, or a matter of a little more than 1 percent of the amount claimed.

Heretofore I have remarked upon the question of the elimination of unnecessary employees. One of the most vexatious problems I have to deal with grows out of the enthusiastic manner in which many people endorse themselves for attachment to the public service. It must not be forgotten that the work of a lawyer employed by the Department is specialized to a very considerable degree, requiring intimate knowledge of the branches of the law peculiar to governmental administration. It is manifest, therefore, that there can be no indiscriminate removal from the service of those who are efficiently and faithfully discharging their duties. Such changes as are to be made will be designed for the betterment of the service and for that purpose alone.

One of the most important functions the Attorney General is called upon to perform has to do with the recommendation to the President of candidates for appointment as Federal judges, district attorneys, and United States marshals. These officials are concerned in a most intimate fashion with the rights, the liberty, and the welfare of our people in all parts of the country. In particular, the members of the judiciary (whose appointments run during good behavior, and therefore in most instances for life) must be selected with the utmost care. So far as I am concerned, there will be no undue haste in making such appointments. Each person under consideration will be studiously investigated as to his character, capacity, knowledge of the law, and all other attributes which should be possessed by an upright, honest, and impartial judge. This particular responsibility lies heavily upon me. From personal experience I know, and in every fiber of my being feel, that the discharge of this duty is a solemn responsibility. Many mistakes may be repaired, but an error in the selection of such an official leaves a permanent and almost ineradicable mark upon the very structure of our Government. I am not saying these things to magnify the tasks of the Department of Justice but merely to state, in direct and simple language, what purpose it is we are supposed to serve and how we are endeavoring to meet the duties imposed upon us.

In brief, I aim at a sane, wholesome administration. The Department of Justice belongs to the people of America. It is their servant, ministering to their needs, and I bespeak for it the support and the good opinion of all law-abiding citizens.

#### INVESTIGATION OF MOVING-PICTURE INDUSTRY

Mr. SABATH. Mr. Speaker, I call up House Resolution 121, which I send to the desk and ask to have read.

The Clerk read as follows:

#### House Resolution 121

*Resolved*, That immediately upon the adoption of this resolution the House shall proceed to the consideration of House Resolution 95, and all points of order against said resolution shall be considered as waived. That after general debate, which shall be confined

to the resolution and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Rules, the previous question shall be considered as ordered on the resolution to its adoption or rejection.

Mr. WARREN and Mr. BLANTON rose.

Mr. BLANTON. Mr. Speaker, before we take up the rule, I want to ask the gentleman a question.

Mr. SABATH. Mr. Speaker, does the gentleman from Pennsylvania desire any time?

Mr. RANSLEY. We want the usual time.

Mr. SABATH. Mr. Speaker, I yield 30 minutes to the gentleman from Pennsylvania.

Mr. BLANTON. Mr. Speaker, will the gentleman yield for a question?

Mr. SABATH. Yes.

Mr. BLANTON. The gentleman recognizes that in all of his long and able service here, this is a most remarkable rule. It gives the control to the Rules Committee of the entire hour on this resolution. Then after the rule is passed, it gives the same Committee on Rules entire control of the whole hour on general debate. That is the first time that such a procedure has been inaugurated in this House during the 16 years that I have served here. Is the gentleman from Illinois going to yield us any time to oppose this measure?

Mr. SABATH. I have yielded 30 minutes to the gentleman from Pennsylvania.

Mr. BLANTON. But that is to the other side of the aisle.

Mr. WEIDEMAN. Mr. Speaker, I demand the regular order.

Mr. BLANTON. Oh, we are not going to let this rule pass without due consideration.

Mr. SABATH. This is a fair rule. The Rules Committee is fair in allocating the time.

Mr. BLANTON. Is the gentleman going to yield any time to the opponents of this rule? I am one who wants to oppose it.

Mr. SABATH. I have already yielded 30 minutes to those who are opposed to it.

Mr. BLANTON. The gentleman has yielded time only to Republicans. As a Democrat I want to get time from the Democratic side of the House. I do not want to have to go over into the wilderness to get it. [Applause.] This is a bad measure that will accomplish no good whatever, but will cost the taxpayers of the United States a tremendous sum of money. We must not let it pass. We can defeat it if we are given time to properly debate it, and to let the Members of the House know just how seriously it may affect the Treasury.

Mr. SABATH. Mr. Speaker, the adoption of this rule will make in order the consideration of House Resolution 95, known as "the Sirovich resolution." It provides for the creation of a special committee of seven to investigate the most vicious group of manipulators—yes, racketeers—a group that has destroyed what at one time was a legitimate and prosperous motion-picture industry and that has defrauded and fleeced thousands upon thousands of investors, widows, and orphans of nearly two thousand millions of dollars; a group that within the last 4 weeks, through its hirelings and lobbyists, has attempted, and is now attempting, to mislead the Members of this House as regards its shameful activities in order to defeat this investigation; a group that by questionable means—yes, bribery—controls city, State, and even Federal officials; a group that has by corruption forced upon the screen some of the most obscene and crime-breeding pictures; a group that has even debauched our judiciary. This same group has defrauded the Government of millions of dollars and was instrumental in sending an innocent woman to the penitentiary.

Some claim, and will claim, that this is a matter for the courts. Yes; it might be a matter for the courts if individuals comprising this group were not able to control our judges.

It will be claimed, and statements have been circulated, that the investigation will cost \$200,000; but I have the



word of the gentleman who introduced this resolution, and I believe him, that it will cost no more than \$20,000 to \$25,000; and I assure the House that for every dollar that we will expend on the investigation the Government will recover at least \$100 in income taxes, of which the Government has been defrauded by this vicious group, this coterie of manipulators and racketeers. [Applause.]

I have here in my possession many resolutions from independent motion-picture houses in America. I have complaints from hundreds of men and women who have been defrauded of their entire savings. I hold in my hand the book, Upton Sinclair Presents William Fox, and I know that if all of us were to spend but 1 hour on this book and become acquainted with the conclusions arrived at, the vote for the resolution would be unanimous and that a real investigation could be had, so that in the future the activities of these men and other men of their caliber, who have been allowed to continue their speculations and fraud unmolested, controlling, as they do, some of the highest officials in the several States and even in our own Government, would be prohibited.

It is high time that this House should not be deterred by these lobbyists from doing its duty to provide a real, honest-to-God investigation, so that the country and the House may know what has been transpiring and so that we can legislate in the interest of the American people, eliminate this racketeering, and prevent these unscrupulous manipulators from continuing their nefarious work and from controlling our public officials.

I regret that I cannot continue further, for I have promised the balance of the time to others. However, before I conclude I want the new Members to know that if, due to the misleading statements that have been circulated, this rule shall be defeated, it may mean the defeat, at least temporarily, of the resolution itself, for it is only by the adoption of this rule that an investigation can be had. But I give notice now that if the resolution should fail to pass, its proponents will by no means cease their efforts to force action; so regardless of what the outcome may be today, I am certain that eventually the House will vote for investigation.

Mr. BLANTON. Will the gentleman yield for one question?

Mr. SABATH. I cannot yield, because I do not have the time.

I ask the gentleman from Pennsylvania [Mr. RANSLEY] to use some of his time now.

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from North Carolina [Mr. WARREN].

Mr. WARREN. Mr. Speaker, I deeply appreciate the courtesy of the gentleman from Pennsylvania [Mr. RANSLEY] in yielding me this time, which I was unable to get on my own side of the House.

It is to be greatly regretted that the House has been given no information whatever about this measure other than the statement just made by the gentleman from Illinois [Mr. SABATH]. The great Rules Committee of this House not only failed to hold any hearing on this resolution but it comes to us with the informing and enlightening report as their sole recommendation that the resolution should pass.

I also regret that this measure should be dignified by a rule of the most stringent kind, such as we have adopted on major legislation, providing that no points of order may be made, for, under the resolution as presented, a single point of order would send the entire thing to the discard, where it properly belongs.

Now, this calls for a large expenditure of money. I have had a careful investigation made in the Committee on Accounts, and I am told by experienced men that if section 4 of this resolution is carried out as it is intended, according to its wording, it would call for the expenditure from the contingent fund of the House of approximately \$200,000.

Mr. SABATH. Will the gentleman yield?

Mr. WARREN. No. The gentleman refused to yield, and I do not have the time.

Now, there is not one penny in the contingent fund of the House for investigations. Only \$40,000 is allotted each year,

and the \$40,000 allotted for the next fiscal year has already been set apart for the orderly investigations decreed by the House in times past.

I have no objection in the world to an investigation of the moving-picture industry. I do not know any of them. I am not connected with them. I understand this is a fight between two groups. I hear it is merely a case of "dog eat dog." [Applause and laughter.]

Mr. RANKIN. Will the gentleman yield?

Mr. WARREN. I do not have time.

I do believe that where we have set up orderly procedure for such investigations, they should be made by the constituted branches of this Government, rather than by any select committee of this House.

Now, if it is securities they wish to inquire into, both Houses of Congress have already passed a securities bill, so that those securities will be regulated in the future. If it is unfair trade practices they take exception to, then we have the Federal Trade Commission, which the administration has agreed it will put the breath of life into, and that it will act and function. If it is illegal receiverships and bankruptcies they wish to object to, then we have the grand juries of our land; and we Democrats have prided ourselves upon the fact that we have heading the Department of Justice the great Attorney General who will go into these matters and investigate them to the very limit, if they are properly brought to his attention.

In conclusion, permit me to say that this thing is a joy ride to Hollywood [applause] for the personal advancement and notoriety of some who are proposing it. If you want to kill it, if you want to stop it where it is, then vote down the rule and end the whole thing. Let us not embark upon a useless and reckless waste of public funds. [Applause.]

Mr. Speaker, I yield back whatever time I may have.

The SPEAKER. The gentleman has consumed 5 minutes.

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. LANHAM]. [Applause.]

Mr. LANHAM. Mr. Speaker, I am very much opposed to this resolution and, consequently, very much opposed to the very stringent rule which would make its consideration in order.

I oppose it, in the first place, because it is unnecessary. I oppose it, in the second place, because it is inexpedient. It is unnecessary by reason of the fact that we have various governmental agencies already established to investigate matters of this character. We have our Department of Justice and the Federal Trade Commission. A committee of the Senate is now making an investigation somewhat akin to the one here proposed. The Congress is now engaged in passing the securities bill to remedy many of the evils of which complaint is made. Such other things as may demand correction in this industry may be presented before a committee of the House here in Washington without the enormous expense which the adoption of this resolution would entail.

It is inexpedient because of the fact that in these times of necessary economy it authorizes a useless expenditure variously estimated at from \$200,000 to \$500,000, and for what purpose? For the purpose of providing for a junketing trip over the United States. [Applause.] Surely this is not the time to be taking money away from the disabled veterans in order to give a few Members of Congress an opportunity to gratify their whims by going about over the country and enjoying themselves. [Applause.] This seems to be a proposal which involves some ire on the part of certain wise men of the East who take exception to the practices of some other men, perhaps equally wise, who have gone west. [Laughter and applause.] It involves also a dabbling into the courts of our country. A committee of the House of Representatives on a junketing trip to investigate, incidentally, receiverships and bankruptcy proceedings and judicial matters of that character!

Now let me call attention to another thing. I believe in having proper regard for the welfare of our colleagues. The adoption of this resolution would bring to my friend the gentleman from New York a widespread publicity which would



be very distasteful to one of his modest nature. [Laughter and applause.] He would be constantly subjected to the ordeal of looking at pictures of himself with screen stars in various magazines and newspapers [laughter] and having to peruse interviews and things of that character with reference to himself and his activities. I would spare him that. [Laughter.] I feel that, if this resolution should unfortunately carry, there ought to be some concerted action here to see that he is not subjected to this ordeal. [Laughter.]

Only a few weeks ago we saw the gentleman from New York take his place upon this floor and inveigh very properly against the persecution of the Jews under the Hitler regime. We listened with attentive interest to his remarks on that occasion. Ah, little did I think then and little did you think that the gentleman from New York would be the very first in this body to make a proposal which would bring division and dissension among the Jewish people of America. [Laughter.] Yet here is his resolution.

I knew that the gentleman from New York was an eminent doctor. I knew he was an eminent playwright. I knew he was a great scientist. Now it is brought home to me in the authority proposed here to investigate the courts of the country that he is also a great lawyer.

Mr. Speaker, at this time, when economy is necessary, when the people are craving action with reference to the serious problems which confront them, there is no reason to authorize an expensive excursion of this kind, when the established channels for such investigation are open and available. Let the correction of such evils as may exist be undertaken through the proper committees and the constituted authorities organized for such purpose. [Applause.]

[Here the gavel fell.]

Mr. SABATH. Mr. Speaker, I yield to the gentleman from New York [Mr. SROVICH] 16 minutes.

Mr. SIROVICH. Mr. Speaker, to all intents and purposes, the motion-picture industry, one of the leading industries in our Republic, is bankrupt.

Billions of dollars have been invested in the motion-picture industry by working people, widows, orphans, small estates, and unsuspecting American citizens. It is alleged that most of this money has been dissipated, squandered, and diverted by a group of financial manipulators.

The rulers and officials of this great industry have milked it dry and almost destroyed its very existence. This deplorable situation holds very little hope for holders of 1,000,000 bonds and holders of 20,000,000 shares of stock, representing an investment of billions of dollars. An investigation will show that the very people who have been responsible for its looting and disintegration are now desperately trying to reorganize this artistic and useful industry so they may control its future destiny.

Whether any part of the billions that have been invested can be recovered and those responsible for its looting and ruination brought before the bar of public opinion and judicial scrutiny is dependent on what action the House will take regarding my resolution calling for a complete and thorough investigation of the whole motion-picture industry to protect the rights and property of our innocent American investors.

Mr. Speaker, our Government is conducted by three great branches, the legislative, the executive, and the judicial departments. The combined salaries of 435 Members of the House, 96 Members of the Senate, and President and his entire Cabinet, the Vice President, the Chief Justice and the 8 Associate Justices, and the 48 Governors of the States of the Union amount to about \$5,000,000 per year, which is less than the amount received by way of salary and bonus by 5 men in one motion-picture corporation alone. These bonuses paid to five men, according to my information, amounted to \$3,000,000 in 1930, \$2,000,000 in 1931, and \$1,500,000 in 1932, exclusive of salaries.

An astounding revelation regarding these bonuses is the fact that they have not been revealed to the stockholders in reports made at annual meetings or in published balance and earning sheets. In no other walk of industry are amounts like these rewards paid to executives. Not even in the days

of the great life-insurance scandal, investigated and exposed by the present distinguished Chief Justice of the Supreme Court, Charles Evans Hughes, was anything like the monetary insanity of the movies disclosed.

It is currently stated that the annual income of Louis B. Mayer was \$800,000; of Adolph Zukor and Jesse Lasky, \$520,000 each; of Irving Thalberg, \$500,000 minimum; of Nicholas Schenck, \$404,000, besides 2½ percent of all the profits of Loews; of Benjamin F. Shulberg, \$416,000; of the Warner brothers, \$520,000 each. In addition to these salaries, all received extravagant bonuses.

While these fabulous and hitherto unheard-of salaries and bonuses have been taken by these officials the assets of the companies have been dissipated and the liabilities have increased. Dividends have been wiped out in practically every company. The value of shares of stock has fallen almost to nothing; but, Mr. Speaker, the salaries of all employees in the studios, even the stenographers and typists, have been curtailed, but the officers' salaries and their bonuses have been renewed by themselves by an iron-clad contract for 6 more years.

Mr. Speaker, let me call your attention to one of the most glaring financial deals in connection with the Paramount-Publix Corporation. In the years 1927 and 1930 Paramount-Publix, in order to extend their activities, floated two 20-year bond issues amounting to \$31,000,000, and agreed it would not create any other encumbrance or lien against any of the assets.

In 1930 the Paramount-Publix Corporation owed a million dollars to banks, which it paid off from money raised by these \$31,000,000 bonds.

In 1932, due to extravagance and mismanagement, the Paramount-Publix was indebted to various banks in the sum of \$10,000,000. These loans were entirely unsecured. When the loans became due Paramount-Publix officials met the bank officials and stated they could not pay their obligations. The banks refused to extend the time of payment. Paramount-Publix needed an additional \$3,500,000 to carry on its operations. The banks refused to give them this loan unless they secured the previous \$10,000,000 due to the banks, which up to that time had been unsecured.

To accomplish the demand of these bankers Paramount-Publix created a paper subsidiary having no assets, possessed of nothing, and called it Paramount Productions, Inc. To this paper subsidiary Paramount-Publix turned over 23 of its motion pictures which had been completed or were in the process of completion, which consisted of practically the only live assets of the corporation and which violated the terms of the \$31,000,000 bond issue.

By this amazing financial transaction bondholders were defrauded of the security granted under the \$31,000,000 bond agreement. This financial transaction gave an unauthorized lien in favor of the banks, securing their otherwise unsecured claims, and a preference over the Paramount-Publix \$31,000,000 bondholders to whom these assets rightfully belonged, as well as other creditors.

This indefensible act diminished, weakened, and destroyed the equities of \$31,000,000 bondholders, as well as other creditors. A few months later, on November 5, 1932, the Paramount-Publix Corporation and its directors to further strip the \$31,000,000 bondholders, and other creditors, organized three other paper subsidiary corporations, the Paramount International Corporation, the Paramount Distributing Corporation, and the Paramount Pictures Corporation.

To these companies they transferred and conveyed all the remaining assets owned by the Paramount-Publix Corporation, namely, all of its properties, accounts receivable, real-estate holdings, contracts with producers and distribution in foreign countries, contracts with artists, directors, picture rights, book rights, dramatic rights, copyrights, and all its holdings including studios and plants and all other properties and by means of such paper corporations the Paramount-Publix Corporation stripped itself completely of every vestige of property and assets of which it had been possessed, ruining \$31,000,000 invested by bondholders, and approximately \$200,000,000 of stockholders' money that had been



invested in this enterprise, so that today the Paramount-Publix Corporation is bankrupt and an empty shell.

The amazing situation now is that Adolph Zukor, the president of the Paramount-Publix Corporation, and his associates, under whom all these extraordinary financial manipulations were planned and executed, has been appointed and is now the receiver of this corporation—the very man through whom and whose allies these manipulations were made possible, that wrecked the Paramount-Publix Corporation.

Indignant protests were made to the Paramount-Publix Corporation by the bondholders and stockholders through their various attorneys throughout the country, but no attention has been paid to these protests.

This gives you an idea of one transaction. If I had the time, I would give you dozens of other tragic incidents appertaining to Paramount-Publix Corporation that cry to heaven for investigation.

Let us take up matters concerning Loew's, Inc. Up to the year 1932, Loew's paid not only its customary annual dividend of \$3, but an additional dividend of \$1 per annum. This continued up to the last quarterly dividend period. At that time, without any prior notice to its stockholders, the dividend was cut to an annual dividend of only \$1. This dividend cut seemed to be in line with a decline in earnings of the corporation. Yet, in spite of these conditions, at the last annual meeting of that corporation, held on December 15, 1932, the corporation made a 6-year contract with certain of its executives which carried with it exorbitant salaries for five officials amounting to over \$2,000,000 a year and tremendous bonuses amounting to over \$1,500,000 a year, besides giving to these selected officials of the company valuable rights to acquire large blocks of shares of stock of the company at preferential rates. Three men are in charge of the motion-picture productions of that company. These three officials alone have contracts under which they receive a 20-percent share of the profits not only of the Metro-Goldwyn-Mayer Corporation, which is the corporation that produces the motion pictures of Loew's, Inc., but in addition thereto they receive a share of the profits earned from exhibiting in their theaters pictures that are not even produced by them. The shares of the profits which these three officials alone have received in the past have aggregated approximately \$1,500,000 a year besides their bonuses.

In the year 1929 five officers of Loews organized an inside pool, without the knowledge of the stockholders, and double-crossed their associates and sold 400,000 shares of Loews to William Fox Theatres Corporation. In gathering these 400,000 shares they obtained a call on most of these stocks at a price less than \$100 per share, then sold the entire block to the Fox Theatres Corporation at \$125 per share, resulting in the enormous profit to this inside group of approximately \$9,000,000.

Here, too, we find a repetition of the same situation in this company as in the Paramount-Publix Corporation; the payment of exorbitant salaries and of large bonuses without making any revelation thereof to stockholders or security holders in reports to stockholders in published balance sheets or profit-and-loss sheets.

Let us look into the affairs of Radio-Keith-Orpheum combine, commonly called RKO. The purchase of the Pathe Co. by RKO and the practical merger of that company with RKO embraces matters which concern an alleged fraud on the stockholders of RKO. It appears that a group were loaded down with a very substantial block of stock of the Pathe Co. The quotation had fallen down to about \$30 per share. As soon as the merger with RKO was announced, this inside group pushed the Pathe stock up until it reached about \$80 a share. The inside group then unloaded their stock on the public, making millions of dollars. The purchase was made at levels which were not warranted by any values possessed by the Pathe Co., and the purchase practically emptied the treasury of RKO. Competition in the open market between the Pathe Co. and the RKO Co. was stifled.

The RKO Co. received in the transaction studios which they did not need, and distributing agencies which only

duplicated those which already existed under the management of RKO. The only property that RKO obtained that it did not have was a news-reel service, at a cost of many millions of dollars more than it was worth at that time. As a consequence of this improvident transaction RKO was compelled to borrow \$6,000,000 to fill its empty treasury, to pay a bonus of \$600,000 for the loan, and the Pathe Co. transaction was the one that really got the RKO Co. into such serious financial difficulties that it was on the verge of receivership. In order to avoid this receivership, the Radio Corporation of America agreed to go along with a refinancing plan if it could obtain the stock control of the RKO Co. The stockholders under threat of receivership, and a total loss of their investment, were forced into a reorganization plan under which each stockholder was compelled to reduce his stock holdings by 75 percent and to give up to the Radio Corporation of America in effect 75 percent of his prior holdings, so that the Radio Corporation of America became the owner of the control of the shares of stock of the RKO Co.

This stock manipulation placed the Radio Corporation of America in the position of dominating the RKO Co., and in that way compelling the RKO Co. and its subsidiaries to use the electrical equipment of Radio Corporation of America in all of their activities. As a result of that manipulation the Radio Corporation of America, which prior thereto had owned only approximately 22 percent of the stock of the RKO Co., became the owner of approximately 60 percent of the stock of the RKO Co., the large part of which was taken out of the pockets of the stockholders of RKO by forced involuntary contribution.

In addition to the foregoing, serious charges have been made that the insiders of RKO operated a pool in RKO stock and at will, were on both the long and short sides of the stock and unloaded large blocks of the stock on the public at millions of dollars profit to themselves and at enormous loss to the public.

Besides the companies I have named, there is another—the Fox Corporation—in the assets and securities of which financial manipulation has been made that may well be called "astounding." This manipulation involved the diversion and dissipation of \$50,000,000 to \$100,000,000, into the details of which I now have not the time to go.

There are about 20,000 motion-picture theaters in the United States. About 1,500 belong to Paramount, Loews, Fox, Warner Bros., and RKO. They are banded together in an organization known under the "highfalutin" but deceptive name of the "Motion Picture Theater Owners" organization. This producer-controlled organization is working in conjunction with a most powerful and pernicious lobby, backed by the motion-picture industry, in and about the House Office Building and has sent out quite a good deal of false propaganda to influence the Members of the House against this resolution to investigate the motion-picture industry, making the ridiculous assertion that it will cost \$250,000, when, as a matter of truth, it would cost about \$20,000 to \$25,000. The remaining 18,500 motion-picture theaters belong to the independent owners in every congressional district of every Member of Congress.

The entry of these conniving big picture manipulators in the field of exhibition, first, as a means of exhibiting their own pictures, and then to monopolize the distribution outlets and finally to put the 18,500 independent exhibitors out of business, is an activity in the American motion-picture industry which the membership of the Congress of the United States will be privileged to correct.

Mr. Speaker, the distinguished gentleman from Texas [Mr. LANHAM] who preceded me, called the attention of the House to the fact that most of the people involved in the manipulation of funds of the motion-picture industry are Jewish people, and that only a few days ago I arose to defend the Jewish people of Germany against the atrocities of the madman of Germany, Hitler. Let me call his attention to the fact that I am proud to have arisen in this historic forum to speak for the persecuted and oppressed in Germany, whose pitiful cry to live in the land in which they and their forbears have been born and have given the



best of their lives to make Germany great, prosperous, and glorious, and who seek opportunities to earn their daily bread the same as all peoples of the world, is surely deserving of the responsive acclaim that has come to their cause from all the civilized people of the world.

Goodness, honesty, and justice belong to no race. They are the common property of civilization. In that spirit, I resent the statement of the gentleman from Texas [Mr. LANHAM] and desire to tell him that, so far as I am concerned, I demand the prosecution of all evil and wrongdoers irrespective of race, creed, or color, who have defrauded widows, orphans, and humble people of our country to enrich themselves. [Applause.]

[Here the gavel fell.]

Mr. SIROVICH. Mr. Speaker, will the gentleman yield me 2 additional minutes?

Mr. SABATH. I yield the gentleman 2 additional minutes.

Mr. Speaker, will the gentleman yield?

Mr. SIROVICH. Yes.

Mr. SABATH. Certain charges have been made as to the administration. The gentleman made a statement to me as to the President and the administration. Will he not repeat it on the floor of the House?

Mr. SIROVICH. Mr. Speaker, last week I saw the President of the United States, Franklin D. Roosevelt. I spoke to him about this motion-picture investigation; I explained the situation to him, including these outrageous salaries; and he is in full sympathy with this resolution and thinks this investigation would do a great deal of good to the American people. [Applause.]

Mr. MOTT. Will the gentleman yield for a question?

Mr. SIROVICH. I am awfully sorry, but my time is very limited. Let me first finish this statement.

Mr. MOTT. May I suggest to the gentleman that it will be necessary for the gentleman to get some time, either for himself or someone else, in order to answer a half dozen very pertinent questions or everything the gentleman has said will be of no avail. We want to know where the information came from and whether this is in violation of the particular blue sky laws of the States in which these concerns are located.

Mr. SIROVICH. I will give that later. When you pass this rule I would give you the source of all the information. I will give you court facts, documentary facts, and affidavits that will corroborate every word I have uttered.

Mr. MOTT. I hope the gentleman may, and I would like to have the information before the rule is voted on.

Mr. SIROVICH. I will do that after I have finished my statement, if I may have a few minutes more. The purpose of my resolution is to provide for an investigation which will disclose all this information.

Mr. RAYBURN. Will the gentleman yield?

Mr. SIROVICH. I hope the gentleman will let me finish my statement first. These continuous interruptions and interrogations are breaking the sequence of my thoughts.

Mr. RAYBURN. The President of the United States has been brought into this matter and I want the gentleman to be definite. Did the President of the United States tell the gentleman from New York that he wanted this resolution passed and this investigation made?

Mr. SIROVICH. I did not go to him when I started out on the investigation, but I saw him subsequently.

Mr. RAYBURN. The gentleman said he talked to him last week.

Mr. SIROVICH. That is correct. I saw him last week and talked to him about it, explained it, and he is in full sympathy with the purpose of this resolution.

The regular order was demanded.

Mr. SIROVICH. Now to continue with my thoughts:

What are some of the terrible injustices that have been perpetrated by these 5 large motion-picture concerns against the 18,500 independent exhibitors?

First. Block booking, combined with blind booking, which requires the independent theater owners to buy unseen the entire output of a given producer in order to get such pic-

tures as may be desirable or suitable for exhibition in their theaters.

Second. Compelling the 18,500 independent theater owners to wait for unreasonable periods of time after pictures have first been shown in producer-controlled houses before these 18,500 independent theater owners are allowed to run them in their theaters.

Third. The allocation of better pictures to producer-owned circuit houses without allowing the 18,500 really independent theater owners to even bid for these pictures in free and open competition.

Fourth. The buying up by producer-owned theater circuits of more pictures than they can use so as to cripple the 18,500 truly independent houses in their efforts to compete with the circuits.

Fifth. The practice of these big producers through motion-picture producers and distributors in contributing large sums of money to certain organizations of alleged independent exhibitors in order to create the impression that there is a division in the 18,500 independent ranks in the matter of industry reforms.

Sixth. The activities of the members of the motion-picture producers and distributors of America to monopolize or control the motion-picture industry by such devices as uniform sales contracts, compulsory arbitration, withholding of products from 18,500 independent theaters, the allocation of products to producer-controlled houses, unfair and unreasonable zoning, so-called "protection", and other unfair practices, especially by withholding films for unreasonable periods from the 18,500 independent low-admission houses.

There are 435 Representatives in Congress, so the average proportion of independent motion-picture theaters, each one a victim of these unfair practices, is over 40 theaters in each congressional district, all representing a substantial investment of over \$1,000,000,000 and a considerable employment in each district, the operators and employees of which look to Congress for relief from this unwarranted monopoly and tyranny.

Thus we see how a few czars in the motion-picture industry through devices of interlocking, long-term franchises, preferential zoning, clearances, and protection have almost ruined and destroyed, by these unjust and unfair practices, the 18,500 independent motion-picture houses found in every congressional district of our country.

Let us look at the transactions of Warner Bros. Warner Bros. Pictures, Inc., was incorporated in the State of Delaware in 1923. Prior to 1928 it was a small, inconsequential producing company of silent film that did not rate with the large producers. With the advent of sound, the company obtained a temporary monopoly on the production of synchronized sound on disk, and thereby became one of the large producing factors in the business.

Shortly after their development as a large producing company, they went into the purchasing of theaters on a large scale, and probably at present hold more theaters than any of the other producing and distributing units.

Warner Bros. Pictures, Inc., control approximately 50 corporations, covering every form of motion-picture activity. All of these companies, however, are dummy corporations in which the officials are either obscure office boys or glorified clerks, drawing modest salaries, although holding high-sounding titles in the various companies.

The actual control of all of these 50 subsidiary companies is held by 11 directors of Warner Bros. Pictures, Inc., the majority composed of 3 Warner brothers and 4 personal attorneys for the 3 Warner brothers. That, in itself, insures control of the board of directors.

With reference to this corporation two matters stand out glaringly. One is that Warner brothers have placed themselves in a position where they have become the preferred creditors of the corporation with respect to loans previously advanced so that if anything happened they would receive all of the money loaned the corporation and the stockholders would receive nothing. Second, it has been charged



and admitted that Harry Warner, the president of the company, and other members of his family, and officials connected with his company, were on the long and short side of their stock, unloading the stock to the public at high prices and making enormous profits in those transactions, the only sufferers being the public and the stockholders. It is also charged that the company is practically a family affair, the entire family having profited generally by way of large salaries and bonuses, while the stockholders have received no dividends and have suffered frightful losses, so that today the stock is practically worthless, and all the estates, widows, orphans, and humble owners of Warner Bros. stock have been ruined and their holdings are today worthless. Since 1928 the salary payments made to Warner brothers were between \$520,000 per annum to \$1,000,000 per annum each. They have received bonuses of 90,000 shares valued at \$12,000,000, and their stock speculations have made another \$10,000,000, totaling almost \$25,000,000, while the present value of the stock that shareholders paid for with their hard-earned money at \$100 a share, is selling at about \$1 per share, showing a shrinkage in value of the stocks of the staggering total of about \$200,000,000 of stockholders' money. And Mr. A. Julian Brylawski, the professional lobbyist, is in the employ of this company, and trying through propaganda to persuade Congress not to conduct an investigation.

Mr. Speaker, I have but scratched the surface of the great corruption that exists in the motion-picture industry today—corruption that will make the Teapot Dome investigation appear like a mere tempest in a teapot. The innocent holders of stocks and bonds of these looted companies that I have mentioned are crying aloud for justice. The moral welfare of America demands that the present control of motion pictures be eliminated. Eighteen thousand and five hundred independent motion-picture houses in every congressional district are earnestly appealing to you for assistance and justice. In the name of innocent investors and 18,500 small motion-picture concerns I appeal to the Membership of this House to pass my resolution calling for a complete and thorough investigation of the whole motion-picture industry, with the object of righting a great wrong, making restitution, if possible, to its now destitute financial victims, drive the looters from their executive offices, punish the guilty, and once and for all make an exemplary lesson to all future financial manipulators that the Government of the United States will not tolerate financial racketeers, masquerading as honest men, who through fraudulent representation and manipulation have diverted billions intrusted to them by widows, orphans, and small estates which represent the hard-earned life savings of our American working people.

For these reasons, fellow Members of the House, I appeal to your sense of honor, fair play, and justice to pass this resolution. [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, these are the days of the new deal. If the President of the United States were for this resolution, would he not have sent us a message? [Laughter and applause.]

You know this is a wonderful resolution. Why, I was brought up in school to believe that there were three departments of the Government, the executive, the judicial, and the legislative. This resolution is a declaration on the part of the Democratic majority, if it is passed, that the appointees to the Attorney General's Office are not competent to do their jobs. [Applause.]

Are you going to make this declaration and indict your President's own appointees, or are you going to say that you have some confidence in them and that you believe that they and the grand juries and the judges of the courts are as competent to make a judicial investigation as some committee of Congress?

Mr. KRAMER. Will the gentleman yield?

Mr. TABER. Is it not time we attended to our own business, instead of trying to attend to everybody else's business and every other officer's business, as well as our own?

Mr. O'CONNOR. Will the gentleman yield?

Mr. TABER. I cannot yield. I have not the time.

I believe if we do our own job and do it right, that is enough.

Frankly, I believe, and these are the facts, the Senate investigating committee has been into the Warner business, it has been into the Fox business, and yesterday there was put in the RECORD over there a voluminous report that pretty well covers that picture. Why should we go ahead and authorize the expenditure of a lot of money which would be wasted, instead of securing action on the part of the Attorney General, the grand juries, and the courts in reference to this matter? Is it not time we stopped trying to butt into things and to be ourselves a grand jury and to be ourselves an attorney general.

If they are not competent and able to do the job, why do we appropriate \$41,000,000 for the Department of Justice? Maybe they are not competent. If they are not competent, let us investigate them through the Judiciary Committee, instead of ourselves trying to do the job for which we have set them up and provided them with \$41,000,000.

Let us vote down this resolution and stop this kind of business. [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield 3 minutes to the gentleman from Kentucky [Mr. CHAPMAN].

Mr. CHAPMAN. Mr. Speaker, in view of some of the things we have heard and seen in connection with this resolution, I think it not inappropriate at this time to quote an observation recently made by that great humorist and philosopher, Will Rogers:

You see the movies are a peculiar business. Everybody that don't get in 'em some way have got it in for 'em and want 'em investigated, abolished, or given solitary confinement for 99 years.

[Laughter.]

With respect to what the gentleman from New York, Dr. SIROVICH, said about the moving-picture securities that have been purchased by so many people in this country, I reply that already both Houses have passed a Federal Securities Act under the leadership of the President of the United States—an act which has teeth in it and will soon be in effect to protect the investing public from the purchase of worthless or fraudulent securities.

This resolution would carry with it an unlimited burden of expense to the taxpayers of this country. It would give a special committee of 7 Members of this House authority to investigate 15,000 theaters in America and approximately 320 distributing companies which distribute pictures to every State in the Union. Then, 15 corporations in New York, New Jersey, Illinois, and California, whose business it is to receive, record, and reproduce sound in making modern talking pictures, would have to submit themselves to the inspection of this nomadic committee. This select committee would investigate the production of moving pictures, which would require a long stay in New York and a still longer junket to far-famed Hollywood. In that vicinity, I am reliably informed, there are at least 30 companies engaged in the production of motion pictures, all of which would be subject to a microscopic examination by this committee.

Ladies and gentlemen, in view of the methods to which some have resorted in seeking adoption of this resolution, I wonder how many Members of this House have had held up to their enraptured gaze by some of the sponsors of this resolution alluring visions of a sojourn in that land of flowers and how many have had their ears ravished by glowing word pictures of the enchanting beauties and intriguing mysteries of Hollywood. [Laughter and applause.]

They would invade the province of the courts of justice, because this resolution would give them power to investigate receivership, bankruptcy, and equity proceedings, with trips all over the country, and all at the expense of the American taxpayers, at a time like this when we are striv-

ing to practice economy in every branch of the Government. I am surprised at the audacity, at the temerity of these men who, under these circumstances, stand up here and advocate such an expensive and extravagant resolution, such a prodigal and wanton waste of the American taxpayers' money. [Applause.] They would authorize the expenditure of public funds for—

legal counsel, technical, or other counsel; auditors, clerical, stenographic, and other assistants; to make \* \* \* expenditures, including expenditures for actual travel and subsistence of members and employees, and for such other and further expenditures as are necessary for the efficient execution of its functions under this resolution, including transcription, printing, and binding of data and reports.

With such powers of investigation, such a committee gallivanting about over the country would spend at least a quarter of a million dollars before the Congress reconvenes in January 1934.

Such an investigation would undoubtedly result not only in delaying the production of pictures, the curtailment of the industry's legitimate activities, but would close innumerable picture shows throughout the country, and would also cause irreparable loss to countless business men in every State who are engaged in other lines of business, and especially to retail merchants who are largely dependent for their prosperity upon the prosperity of the picture shows in their immediate localities.

Ladies and gentlemen, I trust this House will vote down this rule and thereby prevent the consideration of this resolution by an overwhelming majority. [Applause.]

Mr. COCHRAN of Missouri. Mr. Speaker, if the arguments of the gentleman from New York [Mr. SIROVICH] are sound, this House should investigate every industry and corporation [applause] where the people of this country have lost money as the result of the purchase of stocks and bonds. Why stop with the motion-picture industry? I think every man and woman in this House has suffered a jolt in their bank account for the last few years as a result of the purchase of stocks and bonds.

The gentleman from Illinois [Mr. SABATH] stated that an investigation will disclose that there has been an evasion of the income-tax laws. I want to remind the gentleman—for I am sure he knows it—there is an outstanding investigation bureau of the Government in the Bureau of Internal Revenue, the intelligence unit; it cleaned up his own city when his police department could not do it. If he has any evidence that the people engaged in this business have evaded their income-tax returns or made improper returns, the head of the unit, Mr. Elmer Irely, will put the people responsible in a safe place in Atlanta, where he put Chicago's leading citizen. [Laughter.]

I have been attempting on this floor to get an adequate appropriation for the investigation of corporate practices—not only the motion-picture industry but all industries, by the Federal Trade Commission, and you have repeatedly refused to appropriate the money. The Commission desires to carry on such an investigation. It is equipped to do it.

I went to the Federal Trade Commission and asked the officials of the economic division what this proposed investigation of the motion-picture industry would cost, and the answer was, a tremendous sum. I could not get them to set the figures. I said, "Would it cost \$250,000?" and they said my estimate was probably too low, if the entire industry was to be investigated.

Mr. SABATH. I want to say to the gentleman that the Committee on Accounts has full jurisdiction, and they can say how much shall be expended. They set the figure at twenty to twenty-five thousand dollars.

Mr. COCHRAN of Missouri. I am a member of the Committee on Accounts. If the House passes the resolution, you will say it is a mandate for us to provide all the money needed. The Federal Trade Commission said it would cost more than \$250,000 to carry out a real investigation under this resolution. We would be required to appropriate funds to complete the investigation. Twenty-five thousand dollars would not be a drop in the bucket.

Mr. Speaker, the gentleman from New York, the author of the resolution, said the independent operators—18,000—favored his resolution. I challenge that statement, because I have evidence that he is not properly advised as to the attitude of the operators in my section of the country. I submit my proof. Here is what 500 owners from Missouri and eastern and southern Illinois have to say:

St. Louis, Mo., April 25, 1933.

Representative JOHN J. COCHRAN,

House of Representatives, Washington, D.C.

HONORABLE CONGRESSMAN: At a meeting held on Monday, April 24, this organization, consisting of over 500 theaters throughout the State of Missouri, wishes to protest against House Resolution No. 95, offered by Congressman SIROVICH, of New York, for the investigation of all branches of the film industry.

Passage of such an enactment at this time would be most destructive to the slowly awakening morale of our industry, and we deem it unwise and undeserved publicity, and we strongly urge you to use your good offices to defeat same.

Very truly yours,

FRED WEHRENBURG,

President Motion Picture Theater Owners of St. Louis,  
Eastern Missouri, and Southern Illinois.

[Applause.]

Mr. Speaker, I have letters from the receivers of the large motion-picture houses in St. Louis, and we have some of the finest in the country, all in the hands of receivers. The receivers are lawyers and bankers. They were required to take over the theaters. They appeal for the defeat of the resolution. Mr. Clarence M. Turley, operating three large houses for a receiver says:

Steps are being taken in all directions to put this business on a sound, sensible basis, and the only accomplishment the Sirovich resolution would be is a hampering of strenuous efforts on the part of the people interested to straighten out their affairs, and would result in the expenditure of large sums by the Government and likewise large sums on the part of the representatives of the industry who are today extremely busy trying to salvage the same and put it on a sound basis.

What the author of the resolution complained of is water over the dam. Let him take his complaint to the Federal Trade Commission. If he presents the complaint in proper form and abides by the procedure, his complaint will receive attention. If he has evidence of law violation, let him give it to the Attorney General. The gentleman knows we now have a new and a real Attorney General. Take your evidence of income-tax evasions to Elmer Irely, of the Bureau of Internal Revenue. He will get results if you give him the proper lead. The Government agencies are set up to do what he wants if he can present a cause of action. This is not a matter for the House of Representatives, but belongs to the executive branch of the Government.

Mr. SIROVICH. That is one of the subsidized organizations paid for by these big fellows.

The SPEAKER. The time of the gentleman from Missouri has expired.

Mr. RANSLEY. Mr. Speaker, I yield 4 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Speaker, for nearly a score of years I have been the personal friend of our good colleague, ADOLPH SABATH, of Illinois. I have deep affection for him. For almost as long I have been the personal friend of our distinguished and talented colleague from New York, Dr. SIROVICH, ever since he came to Congress. Hence, it is very evident that when I oppose their resolution, it is with sincere regret that I cannot vote with them.

This measure proposed by them is a most unwise one. When the Committee on Rules favorably reported this Sirovich resolution (H.Res. 95) to the House, I convinced both the Parliamentarian and the Speaker that it was subject to a point of order, because it created a charge upon the Treasury, and the Rules Committee did not have the jurisdiction to report such a bill. When its proponents learned that it would be stopped by a point of order, they then got the committee to report this special rule making it impervious to points of order. Therefore it is necessary for us to vote down this rule in order to stop the passage of this measure.

Some of you who were then present on that day will remember that I took this floor on April 12, 1933, and warned



you against this resolution. I then called attention to the fact that by its terms, wholly unlimited and unrestricted, it would permit this proposed committee, or any subcommittee thereof, to sit anywhere at any time. It could sit in New York, or Chicago, or St. Louis, or Abilene, or California, or Seattle, or Alaska, or in the Philippines, or in England, France, Italy, Germany, Asia, Africa, or South America. The committee was to be controlled only by its own wish and will. And I then called attention to the wasteful, extravagant, ridiculous powers given this committee by section 4, to wit:

SEC. 4. The committee is authorized and empowered to employ such legal counsel, technical or other counsel; auditors, clerical, stenographic, and other assistants; to make such expenditures, including expenditures for actual travel and subsistence of members and employees, and for such other and further expenditures as are necessary for the efficient execution of its functions under this resolution, including transcription, printing, and binding of data and reports.

I then called attention, Mr. Speaker, to the fact that under said section 4 this committee could employ as many high-priced New York lawyers as it saw fit and could pay them tremendous salaries; that it could employ numberless technical advisers at huge salaries; that it could employ as many clerks, stenographers, and assistants as it saw fit and itself fix their salaries; and that this committee could spend just as much as it pleased for traveling expenses and subsistence for its members and employees, wholly without limit. And I then urged all of you colleagues then present to be on the watch for this resolution and to be here to help us kill it.

Several have indicated that it could cost \$200,000 or \$250,000. Why, if this committee saw fit to incur the obligations authorized by this House Resolution 95, it could cost \$500,000 or more. When a committee of Congress is authorized by such a resolution to incur obligations and it does incur them, they have to be paid, and they will be paid. We all realize that. If the committee under this House Resolution 95 saw fit to employ lawyers and agreed to pay them a fee of \$25,000 each, we all know that we would deem it a moral obligation, and we would have to provide the money to pay it. You will find my speech against this resolution on page 1596 of the RECORD for April 12, 1933.

We older Members here well remember that the Graham of Illinois smelling committee cost us nearly \$100,000, that the Joe Walsh committee that lived in special Pullmans with palatial diners attached for so long on the Pacific coast cost thousands upon thousands of dollars, that the special coal committee cost first \$400,000 and then an additional \$400,000, and that the initial cost of the Wickersham committee was \$500,000. I was against all of them. None of them accomplished anything worth while. The huge sums of tax money spent by all of them were wasted. It is time to stop such waste. It is time to stop these expensive junkets. I am going to fight them until we stop them. Our good friend from New York, Dr. SIROVICH, ought to be satisfied with the last trip he took to Europe that was paid for by Congress out of the Public Treasury. He ought not to ask Congress to provide another, especially one on such an extensive scale as this resolution authorizes. His last interesting junket to Europe ought to last him for a while. I have been here since the War Congress met in April 1917, and I have never even been to Panama. I have never yet taken any kind of a junket anywhere on Government expense. I have been all over the United States many times checking up Government business, but I have always paid out of my own pocket. It has not cost the taxpayers anything.

I want to talk to my good friend ADOLPH SABATH about his so-called "lobbying." This morning there came to every one of the 435 Members of this House that voluminous book by Upton Sinclair. Is that lobbying? That is the most expensive lobbying that I have ever seen.

I am for breaking up these picture-show monopolies and all other kind of monopolies. I am for passing whatever legislation that will stop them. But this junket resolution will not stop them. They will go on and on, even after we pass it. What more information do you want, Doctor, than

you recited and placed in the RECORD here a few minutes ago? You have that information already. You say it is all authentic. Then why do not you make use of it? It certainly is all-sufficient. Why do not you bring on this floor proper legislation that will put these crooks, as you call them, out of business?

Mr. SIROVICH. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. No; I regret that I have not the time. Otherwise I would gladly yield. The Doctor said everything he charged against them was a fact. If that is so, he has enough facts, and why does he not bring in legislation to stop that great combine? Why does the gentleman not bring in legislation that will break up this monopoly?

Mr. SIROVICH. It is people like my friend from Texas who stop it.

Mr. BLANTON. No; I never stop salutary measures. I stop only the unwise wasteful ones. Gentlemen will remember what I told our friend, the gentleman from Missouri [Mr. SHANNON], when he was asking you to give him that money for his investigation. I said, "Mr. SHANNON, you know, and we already know, every fact that you are going to develop; and after you investigate, after you travel all over the United States, after you spend the \$13,500 of the people's money, you will not know any more than we know already, and you will not do a thing as a result of the spending of that money that accomplishes anything worth while."

If you will look on page 11680 of the RECORD for May 31, 1932, you will see where I predicted truthfully and reliably that Brother SHANNON would spend his thousands without accomplishing anything, which he did do as I predicted, to wit:

Mr. BLANTON. Mr. Speaker, if the gentleman from Missouri [Mr. SHANNON] or the Committee on Rules will present a resolution to stop the sale of these goods by the Government in Army commissaries and Navy stores I shall vote to stop it without hesitation, but I cannot support a resolution of this kind that will only waste money and do a futile thing. If they get any information, they will not have any more than we already have. We know that this is being done. What is the use of spending money to ascertain what we know already? This committee, or any member of it as a subcommittee, can travel all over the United States from Maine to Seattle and Florida and you will have to pay the bill. I am not in favor of it. You have to pay the expenses of it. You are authorizing them to incur expenses here, and you are going to have to appropriate the money to pay for it. I am not in favor of it. It is doing a foolish thing. Why do they not bring in a resolution and stop this now? We know that these commissaries and naval stores are selling these things all of the time and that they have been doing it.

You will remember that the Shannon committee first spent \$10,000, and then it came back to Congress and got \$3,500 more, making in all \$13,500. And not one thing did it accomplish worth while. We older Members here knew before he investigated all of the facts that he developed on his investigation. The people's money has been spent and is gone. And now it is proposed here that we pass this resolution under which \$500,000 could be spent, and in his speech this morning Dr. SIROVICH showed very ably and adeptly that he already knows every fact and circumstance about these crooks and manipulators, as he calls them, that he could hope to develop by any investigation. And after the Doctor and his expert committee junkets all over the United States, and possibly all over Europe, and has spent huge sums of money and has paid out of the Treasury all of the salaries, traveling expenses, and subsistence of his lawyers, his expert advisers, his clerks, stenographers, and assistants, he will not know any more about all this crookedness he has depicted than he knows so intimately right now, and he will not accomplish a single thing. He will not bring us back a fact that he does not have now. He will not produce a thing of value, and that is the reason I am against it. Otherwise I would be for it.

This is not the only proposed junket that is pending on the calendar. There are others. There is one proposing to spend \$48,500 on a junket to Rome, Italy. It is House Joint Resolution No. 149, which the Committee on Foreign Affairs has favorably reported, and it is now on the calendar, subject to be called up at any time. And the worst of it all is that it proposes to spend this \$48,500 in the name of the



farmers. It recites that it is to enable us to participate in the "International Institute of Agriculture at Rome, Italy." The farmers of the United States are not interested in any junkets to Rome, Italy. They want us to stop useless and wasteful expenditures and get our Nation back on a sound financial basis. So let us kill this rule and stop this Sirovich junket, and then let us watch for and kill this Rome junket. And when we do it both Brother SABATH and Dr. SIROVICH will think more of us for doing it. For when they reflect they will know that we have done our duty.

Mr. SABATH. Mr. Speaker, I yield 1 minute to the gentleman from Massachusetts [Mr. CONNERY].

Mr. CONNERY. Mr. Speaker, I regret that I have not more time than 1 minute to talk on this resolution, but I speak from personal experience, having run a theater of my own. In this 1 minute let me say that I am heartily in favor of this resolution of Dr. SIROVICH. The Actors' Equity Union, which is the actors' union of the theatrical profession as well as the union of the screen actors, is in favor of this resolution. The Federation of Labor, the workers in the picture industry, are in favor of the resolution, because it will show up to the American people the rottenness of some of the working conditions of that industry and will show what they are doing to labor, to their actors and actresses, and to the American people with their stock manipulations. I hope the resolution will pass. [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield 4 minutes to the gentleman from Georgia [Mr. COX].

Mr. COX. Mr. Speaker, I have no particular objection to the adoption of the pending resolution. I am prepared to agree with the proponents of the measure that the moving-picture business is probably the rottenest industry in the country; that it has done more to corrupt public morals and to bring about a general disrespect for authority than all other influences combined; but this is what I want to say: The transactions that it is proposed that Congress shall investigate are properly the subject matter of judicial determination. There is nothing that the committee could disclose that would prove fruitful other than affording a basis for legislation for the control of the issuance and sale of stocks. There has just been passed by this House a blue sky law to take care of the conditions which it is insisted exist in the picture-show industry.

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. COX. Yes.

Mr. SABATH. That law applies only to new corporations that will be formed from now on and not to the old manipulations and thievery that has been going on.

Mr. COX. Let me say this to you gentlemen, that unless this House is prepared to authorize an expenditure of at least a quarter of a million dollars, any investigation that such a committee as you are invited to set up would prove absolutely worthless.

Mr. SCHULTE. Will the gentleman yield for a question?

Mr. COX. With pleasure.

Mr. SCHULTE. The gentleman has just made the statement that it would cost a quarter of a million dollars, and I take it that figure was given to him by some gentleman, to make this investigation. Is the moving-picture business that rank and rotten that it will cost a quarter of a million dollars to investigate it? [Applause.]

Mr. COX. The investigation, in order to amount to anything, must take a wide scope, and it is not the sort of matter that you could go to New York and sit down in an office and have a hearing in a week or 2 weeks, but it will take you all over the country and into all of the different operations of the industry.

Mr. KRAMER. Will the gentleman yield?

Mr. COX. Yes; I yield.

Mr. KRAMER. Does the gentleman know that this investigation would make the never-to-be-forgotten Teapot Dome oil scandal look like a backyard chicken-stealing?

Mr. COX. Oh, I know it is insisted the investigation will disclose that parties in control of the moving-picture business have been guilty of most scandalous practices, but are

we not prepared to accept that as a fact already? Suppose everything that is said by those advocating the adoption of the rule is true, then what of it?

What you are after is the curing of the evil that is complained of. What you must have is legislation. What facts can be disclosed by an investigation that will enable you to do more than you have already done or can do upon the basis of the facts in hand?

The SPEAKER. The time of the gentleman from Georgia [Mr. COX] has expired.

Mr. SABATH. Mr. Speaker, I yield 2 minutes to the gentleman from Mississippi [Mr. BUSBY].

Mr. BUSBY. Mr. Speaker, ordinarily I would not have anything to say on this question. I served for some years on the Committee on Patents and Copyrights, and would have been chairman of that committee if I had not gone to another committee. There seems to be a peculiar silent interest in opposition to this particular proposition. The resolution is being sternly opposed. I understood at one time what caused that particular type of interest. When I took this floor opposing a bill presented by the gentleman from Texas [Mr. LANHAM] and the late lamented Mr. Vestal on June 28, 1930, when there was not another Member of the House who was willing to take the floor opposed to that bill, I pointed to gentlemen who were sitting in the executive gallery at that time, and on that occasion I said:

Sitting in the gallery to the right are counsel of the lobbyists for this bill, some of whom I am informed are receiving as much as \$100,000 a year from monopolies they have organized to put over this legislation. There is no doubt about it. They do not deny it.

They did not stay there long but soon left the gallery. We whipped that type of interest that is down here today in opposition to this resolution [applause], and we ran them out, because they were wrong, and they were representing not the people but they were representing the type of interest that ought not show its head in these legislative Halls. We whipped them by exposing them, and if we had the time here today to expose them again, we would whip them, notwithstanding the gentlemen from Texas, Mr. BLANTON or Mr. LANHAM. And I might tell you that Mr. LANHAM went on that junket trip to Europe he spoke of a moment ago in referring to the gentleman from New York [Mr. SIROVICH] and had his expenses paid by the Government, but he did not tell you that. [Laughter and applause.]

Mr. LANHAM. Will the gentleman yield?

Mr. BUSBY. I do not have time to yield.

Now, I have no interest in the world in this matter, but I know their game; and if you knew their game you would vote for this resolution. You would not sidetrack it and pocket it down in the Department of Justice or the Federal Trade Commission or some other department that might be controlled by these big-salaried interests. [Applause.]

The SPEAKER. The time of the gentleman from Mississippi [Mr. BUSBY] has expired.

Mr. RANSLEY. Mr. Speaker, I yield 3 minutes, the balance of my time, to the gentleman from Pennsylvania [Mr. RICH].

Mr. RICH. Mr. Speaker and Members of the House, I have been very much interested during the discussion of this rule in regard to the remarks that have been made with reference to our colleague from New York [Mr. SIROVICH]. I want to say in reference to our colleague from New York that I have sat with him on the Committee on Patents and Copyrights during the last session of Congress for a month or 6 weeks, and I have learned to know that my colleague, Dr. SIROVICH, in the work he is trying to do is honest and sincere. I believe absolutely that the gentleman has something and knows something that will be vital to the interests and welfare of the American people. I think the remarks that have been made about him in the Halls of Congress today are not the kind of remarks we should make with reference to a colleague, because I believe if a proper investigation of this organization were made, such as we are discussing at this time, we would have revelations of unethical



business methods that would make some of the other investigations very small in the estimation of Members of Congress.

I think the amount to be spent should be limited to \$20,000. I think it will prove to be money well spent by the Congress of the United States. It will bring facts to the attention of various departments of the Government upon which they can take proper action.

I believe, however, the Members appointed to this committee should be charged by the Speaker of the House to serve diligently, because there is no reason for a Member to be put on a committee if he is not going to give his time and attention to the work.

As I say, I believe this will prove to be money well expended, and I hope the House will give consideration to this resolution, at least enough consideration to grant the rule that the Members may have a chance to discuss it on the floor. We have been prohibited from doing too many constructive things—I mean real action and constructive legislation.

Mr. CLARKE of New York. Mr. Speaker, will the gentleman yield?

Mr. RICH. Mr. Speaker, I believe there is a great lobby here. I think it should be exposed, and feel that in exposing it we will be doing a lot of good to the American people.

I now yield to the gentleman from New York.

Mr. CLARKE of New York. The gentleman himself has been on one of these investigating committees, the chairman of which was the gentleman from Missouri [Mr. SHANNON]. What has that committee accomplished except to spend a lot of money?

Mr. RICH. Committees cannot get legislation out on the floor unless it has been authorized by the President of the United States, nor will they be able to during this session of Congress. The Shannon committee has accomplished a great deal, and the members of the committee will do still greater service for the \$13,500 expended, and if its creation has not and will not save the Government millions of dollars, then I should say it was not justifiable. It will save to the American taxpayer \$100,000 for every dollar spent.

[Here the gavel fell.]

Mr. SABATH. Mr. Speaker, I yield the balance of my time to the gentleman from New York [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Speaker, there is an effort here apparently to defeat this measure first by disorder and secondly by ridicule.

I charge, and I shall be glad to support an investigation to prove my charges, that there is now lobbying on the floor of the House not only by ex-Members of Congress but by employees of the House. [Applause.]

I voted for this resolution in the Rules Committee. I am ready to stand by my friend from New York, Dr. SIROVICH, and I was shocked to hear that distinguished gentleman from Texas [Mr. LANHAM], who, too, has enjoyed junkets, using ridicule against such a distinguished Member of our body as the gentleman from New York [Mr. SIROVICH]. [Applause.]

We have seen this lobby working.

Mr. PARKS. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. I cannot yield; my time is too limited.

Mr. PARKS. The gentleman has made serious charges against ex-Members of Congress and employees of the House.

Mr. MOREHEAD. Will not the gentleman name them?

Mr. O'CONNOR. We have seen headlines in the magazines. This is a contest between a lobby and a committee of the House. We voted out the second rule because the challenge was given to the Rules Committee as to whether it is bigger than this lobby.

This threat was made to us.

I was not present when the first resolution came up; but, when this threat was made that a lobby would thwart the will of a committee of the House of Representatives, the Rules Committee voted out this rule we are now considering.

I think everybody who believes in the integrity of this House will vote to adopt this rule. [Applause.]

[Here the gavel fell.]

Mr. SABATH. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

Mr. WARREN. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 115, nays 227, answered "present" 6, not voting 83, as follows:

[Roll No. 40]

YEAS—115

Allgood	De Priest	Kelly, Pa.	Pierce
Andrews, N.Y.	Dickinson	Kenney	Pou
Arens	Dingell	Kopplemann	Ramsay
Ayers, Mont.	Dirksen	Kramer	Rich
Beam	Doughton	Lehr	Sabath
Beedy	Dowell	Lemke	Schulte
Beiter	Duncan, Mo.	Lesinski	Shoemaker
Berlin	Dunn	Lloyd	Simpson
Biermann	Durgan, Ind.	Lozier	Sinclair
Boileau	Elcher	Lundeen	Sirovich
Boland	Faddis	McGrath	Sisson
Brennan	Fitzpatrick	McGugin	Snyder
Brown, Ky.	Fuller	McKeown	Steagall
Brown, Mich.	Gilchrist	McMillan	Sutphin
Burke, Calif.	Goodwin	Maloney, Conn.	Swank
Busby	Granfield	Martin, Colo.	Taylor, S.C.
Byrns	Griffin	Martin, Oreg.	Thom
Cady	Hancock, N.C.	Mead	Thurston
Cannon, Mo.	Healey	Monaghan	Truax
Carpenter, Nebr.	Hildebrandt	Muldowney	Wearin
Chase	Hill, Ala.	Nesbit	Weideman
Church	Hill, Samuel B.	Norton	Werner
Condon	Hughes	O'Connell	West, Ohio
Connery	Jacobsen	O'Connor	White
Connolly	Jenckes	O'Malley	Willford
Corning	Johnson, Minn.	Oliver, N.Y.	Withrow
Crowe	Kee	Parsons	Wood, Mo.
Crowther	Keller	Peavey	Zioncheck
Cummings	Kelly, Ill.	Perkins	

NAYS—227

Adair	Dear	Imhoff	Peyser
Allen	Deen	Jenkins	Polk
Andrew, Mass.	Delaney	Johnson, Okla.	Powers
Arnold	DeRouen	Johnson, Tex.	Prall
Ayres, Kans.	Dies	Johnson, W.Va.	Ramspeck
Bacharach	Disney	Jones	Randolph
Bacon	Ditter	Kahn	Rankin
Bailey	Dobbins	Kennedy, Md.	Ransley
Bakewell	Dockweiler	Kerr	Rayburn
Black	Dondero	Kinzer	Reece
Blanchard	Douglass	Kieberg	Richards
Bland	Doxey	Kloeb	Richardson
Blanton	Drewry	Kniffin	Robertson
Bloom	Eagle	Knutson	Robinson
Bolton	Eaton	Kociakowski	Rogers, Mass.
Boylan	Edmonds	Kvale	Rogers, N.H.
Britten	Ellzey, Miss.	Lambertson	Rogers, Okla.
Brumm	Elitze, Calif.	Lambeth	Rudd
Brunner	Englebright	Lanham	Ruffin
Buchanan	Evans	Larrabee	Sadowski
Buck	Farley	Lindsay	Sanders
Bulwinkle	Fernandez	Luce	Sandlin
Burch	Fitzgibbons	Ludlow	Schaefer
Burke, Nebr.	Flannagan	McClintic	Schuetz
Burnham	Fletcher	McCormack	Scruggam
Caldwell	Focht	McFarlane	Sears
Carden	Ford	McLean	Secrest
Carley	Foss	McReynolds	Shallenberger
Carpenter, Kans.	Gambrill	Major	Smith, Wash.
Carter, Wyo.	Gasque	Mansfield	Spence
Cartwright	Gavagan	Mapes	Stalker
Cary	Gibson	Marland	Strong, Tex.
Castellow	Gillespie	May	Stubbs
Cavichia	Gillette	Merritt	Sweeney
Chapman	Glover	Millard	Swick
Christianson	Goldsborough	Miller	Taber
Clark, N.C.	Gray	Milligan	Tarver
Clarke, N.Y.	Green	Mitchell	Taylor, Colo.
Cochran, Mo.	Gregory	Moran	Taylor, Tenn.
Cochran, Pa.	Guy	Morehead	Terrell
Coffin	Hamilton	Mott	Thomason, Tex.
Colden	Hancock, N.Y.	Murdock	Thompson, Ill.
Cole	Harter	Musselwhite	Tinkham
Collins, Calif.	Hastings	O'Brien	Tobey
Collins, Miss.	Henney	Oliver, Ala.	Traeger
Colmer	Hess	Owen	Turner
Cooper, Tenn.	Hill, Knute	Palmisano	Turpin
Crosby	Hollister	Parker, Ga.	Umstead
Cross	Holmes	Parker, N.Y.	Utterback
Culkin	Hooper	Parks	Vinson, Ga.
Cullen	Hope	Patman	Vinson, Ky.
Darden	Howard	Peterson	Wallgren
Darrow	Huddleston	Pettengill	Walter

Warren	Whitley	Wilson	Woodruff
Weaver	Whittington	Wolcott	Woodrum
Welch	Wigglesworth	Wolfenden	Young
West, Tex.	Wilcox	Wood, Ga.	

## ANSWERED "PRESENT"—6

Adams	Cox	Martin, Mass.	Wolverton
Celler	Hart		

## NOT VOTING—83

Abernethy	Duffey	Kurtz	Reid, Ill.
Almon	Fiesinger	Lamneck	Reilly
Auf der Heide	Fish	Lanzetta	Romjue
Bankhead	Foulkes	Lea, Calif.	Seger
Beck	Frear	Lee, Mo.	Shannon
Boehne	Fulmer	Lehlbach	Smith, Va.
Brand	Gifford	Lewis, Colo.	Smith, W. Va.
Brooks	Goss	Lewis, Md.	Snell
Browning	Greenwood	McCarthy	Somers, N.Y.
Buckbee	Griswold	McDuffie	Stokes
Cannon, Wis.	Haines	McFadden	Strong, Pa.
Carter, Calif.	Harlan	McLeod	Studley
Chavez	Hartley	McSwain	Sullivan
Claiborne	Higgins	Maloney, La.	Summers, Tex.
Cooper, Ohio	Hoepfel	Marshall	Treadway
Cravens	Hoidale	Meeks	Underwood
Crosser	Hornor	Montague	Wadsworth
Crump	James	Montet	Waldron
Dickstein	Jeffers	Moynihan	Watson
Doutrich	Kemp	Ragon	Williams
Driver	Kennedy, N.Y.	Reed, N.Y.	

So the resolution was rejected.

The Clerk announced the following pairs:  
On this vote:

Mr. Martin of Massachusetts (for) with Mr. Snell (against).  
Mrs. McCarthy (for) with Mr. Treadway (against).  
Mr. Cravens (for) with Mr. Beck (against).  
Mr. Frear (for) with Mr. McDuffie (against).  
Mr. Goss (for) with Mr. Watson (against).

Until further notice:

Mr. Bankhead with Mr. Wadsworth.  
Mr. Abernethy with Mr. Marshall.  
Mr. Underwood with Mr. Kurtz.  
Mr. Lanzetta with Mr. Cooper of Ohio.  
Mr. Crosser with Mr. Doutrich.  
Mr. Boehne with Mr. Buckbee.  
Mr. Claiborne with Mr. Fish.  
Mr. Driver with Mr. McFadden.  
Mr. Sullivan with Mr. Seger.  
Mr. Maloney of Louisiana with Mr. Waldron.  
Mr. Crump with Mr. Higgins.  
Mr. Lewis of Maryland with Mr. Gifford.  
Mr. Dickstein with Mr. James.  
Mr. Summers of Texas with Mr. Reed of New York.  
Mr. Ragon with Mr. Strong of Pennsylvania.  
Mr. Lamneck with Mr. Moynihan.  
Mr. Chavez with Mr. Hartley.  
Mr. Greenwood with Mr. Lehlbach.  
Mr. Kennedy of New York with Mr. McLeod.  
Mr. McSwain with Mr. Reid of Illinois.  
Mr. Almon with Mr. Stokes.  
Mr. Harlan with Mr. Lee of Missouri.  
Mr. Auf der Heide with Mr. Cannon of Wisconsin.  
Mr. Williams with Mr. Meeks.  
Mr. Griswold with Mr. Duffey.  
Mr. Fiesinger with Mr. Hoepfel.  
Mr. Smith of Virginia with Mr. Foulkes.  
Mr. Haines with Mr. Hoidale.  
Mr. Montet with Mr. Brooks.  
Mr. Kemp with Mr. Hornor.  
Mr. Fulmer with Mr. Romjue.  
Mr. Reilly with Mr. Shannon.  
Mr. Smith of West Virginia with Mr. Brand.  
Mr. Browning with Mr. Montague.  
Mr. Somers of New York with Mr. Jeffers.  
Mr. Lea of California with Mr. Lewis of Colorado.

Mr. MARTIN of Massachusetts. Mr. Speaker, on this roll call I voted "aye." I have a pair with the gentleman from New York, Mr. SNELL. If he were present, he would vote "no." I therefore withdraw my vote of "aye" and answer present.

The result of the vote was announced as above recorded.

On motion of Mr. WARREN and Mr. BLANTON, a motion to reconsider the vote by which the resolution was rejected, was laid on the table.

Mr. WARREN. Mr. Speaker, I ask unanimous consent that House resolution (H.Res. 95) be laid on the table.

Mr. O'CONNOR. Mr. Speaker, I object.

Mr. CLARKE of New York. Mr. Speaker, during the roll call on the independent offices bill I was meeting with the National Forest Conservation Commission. Had I been here I would have voted "no."

## A PRIZE TRIBUTE TO MOTHER

Mr. CELLER. Mr. Speaker, I ask unanimous consent that our colleague, the gentleman from New York [Mr.

CULLEN], may extend his remarks in the RECORD by inserting therein a brief statement of one of his constituents on Mother's Day.

The SPEAKER. Is there objection?

There was no objection.

Mr. CULLEN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following article containing the prize-winning essay of Esther Elwofsky, of Brooklyn, N.Y., winning the prize awarded by the Mother's Day Committee of the Golden Rule Foundation:

Youngest of a family of seven girls and a boy, younger than most of her classmates, and an honor student, 14-year-old Esther Elwofsky achieves a new distinction. And that by putting down in a few simple words all that she feels for her mother.

Esther is a Brooklyn high school girl, the daughter of Mrs. Pauline Elwofsky. With more than 600 other children she participated in a Nation-wide contest for prizes awarded by the Mother's Day committee of the Golden Rule Foundation. The children's tokens consist of prose, poetry, and song. Esther's is in prose, in just four paragraphs, in which she compresses all that others have taken volumes to express. Her tribute won the first prize, \$50, offered by Mrs. Frank Presbrey, vice chairman of the Mother's Day committee. It was presented at the Lincoln Building, headquarters of the foundation, in New York City, by Charles H. Tuttle, acting chairman of the board of trustees of the foundation.

Here is Esther's tribute as it is quoted in the Times:

## "MOTHER'S DAY"

"One day in the year set aside for mothers—how strange a custom! Like setting one day aside to grasp the beauty of the sun, the moon, the stars—all the lovely, natural things that bring warmth, light, comfort.

"Many times I have longed to set my thoughts down upon paper. Not in the flowery language of greeting cards but in the simple language of love. I write the words, 'Dear Mother'—lovely tender words—and grow silent beneath the weight of thoughts and memories that, lying buried like precious jewels beneath the dust of years, arise clear and glowing in my mind.

"Impossible to describe the homely beauty of these thoughts: Warm kitchen filled with the scent of bread; sunlight dappling a clean white cloth, touching the rosy apples in their copper bowl; tender memories of loving acts and dreary tasks done smilingly while the sun shone and the years marched swiftly past, and youth, perhaps secretly mourned, passed with it.

"How describe the broad, deep-bosomed earth, symbol of maternity—awakening in the spring of the year, lying fruitful beneath the summer sun, resting from its labors in the autumn and dreaming peacefully wrapt in snowy mantle? Dwelling upon these thoughts, we hear borne strong on the wind the galloping hoofs of Time astride the ceaseless cycles of the years, drawing nearer and nearer. Then caught by a vague fear, we say or we think or we write, 'Dear Mother'."

## HOUSE RESOLUTION 121

Mr. BEAM. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on House Resolution 121.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. BEAM. Mr. Speaker, I am supporting this resolution for the reason I believe the welfare of the industry and the security of the public demand such a congressional investigation as herein proposed. Of all industries not classed as public utilities or of a strictly governmental nature, none exercises a greater influence or has a more drastic effect upon the minds and hearts of our people than does the motion-picture industry in the United States.

It has in its power the instrumentality of appealing to the sentiments of our nature. It has the means of molding public opinion by the tremendous influence it exerts upon the people of our country. By dramatizing events, imprints are left upon the public minds; whether these impressions are for good or evil is determined largely upon the end they desire to attain.

Throughout the Nation a cry has arisen for a congressional investigation of this great industry, and only a congressional committee has the power to undertake such a far-reaching task as an undertaking of this kind will entail.

I am not concerned here with the class or character of entertainment which is produced. This is the responsibility of our municipal and State censor bureaus chiefly; but I am concerned, and so is every Member of this House, in what has become of the hundreds of millions of dollars of worthless stocks and securities which have been fed through this



great instrumentality of conviction and persuasion—"the screen"—to an unsuspecting and trusting public.

I am interested to disclose why a few men in this industry receive such unwarranted and fabulous salaries, ranging from \$150,000 to \$800,000 annually, in addition to having various forms of gratuities voted to themselves, to the detriment of hundreds of thousands of investors of their worthless securities.

I am concerned in bringing to the forefront that system of high finance which has existed for a great number of years between certain banking institutions of the United States and a few of these men who control the motion-picture industry in this country.

I believe the Membership of this House and the people of the United States should know by what means and for what particular purposes these interorganizations and intercorporations or subsidiary corporations, such as the Paramount-Publix Corporation; Paramount Pictures Corporation; Paramount Distributing Corporation; Paramount Pictures Distributing Co., Inc.; and the Paramount International Corporation, are formulated. I am anxious to have the searchlight of truth disclose some of the workings of these interlocking corporations to bring to light the alliance between the promotional schemes and the banking cooperation which they receive.

I want to know whether the antitrust laws of the United States have been violated by the practices in which they have heretofore engaged and indulged and if that same cloak of immunity which has assiduously guarded their activities during the last 10 years is still present and strong enough to prevent the searchlight of truth to pierce its sacred precincts.

I believe the Membership of this House and the people of the United States should have some information as to the inner workings of an industry which so vitally effects and influences our industrial and cultural life.

I want to ascertain some of the methods employed by this so-called "all-powerful trust." The receipts from the showing of motion pictures, I am advised, approximate \$1,600,000 a day, or approximately \$600,000,000 a year. I believe we are interested in finding out what becomes of this enormous intake of money, as only dribbles reach the bondholders and stockholders of motion-picture corporations and the rank and file of American citizens, who provide the actual cash for the operation of the industry.

I believe it is highly significant for us to ascertain whether or not there have been any infractions of the antitrust law by the system of block booking or protection in the distribution and exhibition of pictures classed as "features", to the detriment of thousands of independent exhibitors, which this giant monopoly has attempted to crush or destroy, to the detriment of the masses of the people of the United States.

I am of the opinion that the American Congress should know, and through them the citizens of our country should be informed, that that same all-powerful influence has successfully thwarted and stifled any attempt to investigate the motion-picture industry for the last 10 years. I, for one, want to know if that cloak of immunity from any congressional inquisition is still existing, is still an integral part of this Government, and under that mantle of defiance and security can still persist in their nefarious practices, which have brought ruin to so many of the citizens of our country.

Members of the House, this resolution should be passed unanimously. The mandate should issue from this Chamber that a few motion-picture executives or any combination of men are not powerful or influential enough to prevent the Congress of the United States from turning the searchlight of scrutiny upon their deeds and practices, to the end and to the purpose of safeguarding the citizens of this country and the future welfare and security of this great industry.

Mr. DOXEY. Mr. Speaker, like my friend, the gentleman from New York [Mr. CLARKE], I was meeting with the National Forest Conservation Commission this morning and was unavoidably absent when the vote was taken on the independent offices bill. If I had been present, I would have voted "aye."

#### EXTRAVAGANCE IN THE PURCHASE OF MOTOR TRUCKS

Mr. MEAD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the purchase of trucks by the Post Office Department.

The SPEAKER. Is there objection.

There was no objection.

Mr. MEAD. Mr. Speaker, our Committee on the Post Office and Post Roads, authorized to investigate expenditures of the Post Office Department in accordance with H.Res. 226, considered among other items the purchase of motor trucks for the use of the Post Office Department.

Hearings in this connection were held on Friday, July 8, 1932, at the committee rooms in the House Office Building, and representatives of a number of leading automotive manufacturing concerns presented their views to the committee.

Much of the criticism offered at the hearings by the witnesses was directed against the specification requirements and the general method of procedure adopted by the Department in awarding contracts to the successful bidder. It was pointed out very clearly that the present methods were discriminatory and resulted in increased cost to the Department.

The specifications as prepared prevent the offering of current production trucks and make it incumbent upon the bidding company to design a specially constructed truck, using parts and accessories which in many cases are obsolete and difficult to obtain.

Another complaint registered rather emphatically was to the effect that the bidding companies were given no opportunity whatsoever to prove that their product met with the Department's requirements, and that the elimination of designs which were held to be contrary to the Department's specifications and the award to the successful bidder usually took place at the same time. This procedure limits the number of bidders and gives the unsuccessful concerns no opportunity to prove their claims.

We were informed that considerable saving would result to the Government if all the companies desiring to bid were given a reasonable amount of time to prove that their product met with the Department specifications, and that keeping this information secret until the award was made public was bad business practice.

Information was also given to our committee to the effect that economy would result from the purchase of standard, current-production trucks, parts for which could be made available at lower costs at any time and without the delay which results from the present practice of specifying obsolete or out-of-production parts and accessories.

The procedure practiced by the Department in the past is not in keeping with the provisions of section 3709, Revised Statutes. If this law were followed, it would result in increasing the number of competing bidders and in securing lower cost to the Government.

Probably one of the most important subjects in Government contracting is that concerning section 3709, Revised Statutes, which requires that all purchases and contracts for supplies in any of the departments of the Government, except for personal services and except in cases of emergencies, shall be made after advertising a sufficient time previously respecting same. It has been frequently held by the courts and by the accounting officers of the United States that the provisions of the statute are designed to give all manufacturers, dealers, and so forth, equal right to compete for Government business, secure for the Government the benefits which flow from competition, to prevent unjust favoritism by representatives of the Government in making purchases on public account, and to prevent collusion and fraud in procuring supplies and letting contracts.

During the recent hearings before the committee there was brought to the attention of the committee a situation with reference to the purchase of automobiles by the Post Office Department as well as other departments of the Government, it appearing that the provisions of section 3709, Revised Statutes, had not been complied with in that the specifications were drawn with reference to a particular



make or to contain nonessential details not shown to have anything to do with the needs of the United States and that award was made to other than the lowest bidder without lawful reason therefor.

As an example of the situation prevailing in the Post Office Department, your attention is invited to certain purchases made during the past year. It appears that under date of May 5, 1932, bids were requested by the Post Office Department for the furnishing of 275 trucks of gross-load capacity of not less than 8,000 pounds, opening of May 27, 1932; 160 trucks of gross-load carrying capacity of not less than 12,000 pounds, opening of May 27, 1932; 300 trucks of a gross-load capacity of not less than 5,200 pounds, opening of June 2, 1932.

After the respective bids had been opened, they were referred to a committee of the Post Office Department, which was represented to consist of experts on the purchase of automotive equipment. The several bids were given consideration by the said committee, and as a result thereof recommendations were submitted as to whom the award was to be made, the higher bid being recommended for acceptance in each instance. There was filed in the office of the Comptroller General of the United States some 5 or 6 formal protests with reference to the proposed award; but notwithstanding this and the fact that award had been made to a higher bidder in each instance, the Postmaster General disregarded the advices of the Comptroller General to the effect that the representations made in the respective protests were such that no appropriated moneys were available to make payments pending disposition of the protest, and notwithstanding the fact that the matter was pending before a committee of the Congress, the Postmaster General ordered delivery to be made, and delivery was accepted, thereby obligating the United States to make payment on the basis of a quantum valebat, regardless of the shown irregularities in the rejection of the lower bids.

It was subsequently shown that the specifications were discriminatory and unduly restrictive, permitting only a few preferred competitors to qualify. In fact, one of the largest manufacturers in the United States—General Motors Corporation—could not bid on its standard model but was forced, because of the restrictive features of the specifications, to bid on a model in a higher price range which increased its price to the point where it could not bid competitively. The specifications were shown to be at variance with what the trade considered accepted manufacturing practice, although the operating requirements of the Post Office Department are no severer than ordinary commercial usage; that is transportation of mail in most cases over paved streets and highways. An examination of the specifications disclosed that they were inconsistent and contradictory. Maximum and minimum limitations were placed on engine displacement, which is a physical measurement only and has only a relative bearing on the amount of power the engine will produce.

The specifications covering the chassis frame were highly restrictive, exact dimensions were given covering depth, width, and thickness, with very close maximum and minimum tolerances. This disqualified frames which were actually larger and stronger than the specifications require, and it is singular to note that certain preferred manufacturers produced frames within the dimensional limits so specified. This in spite of the claim made by the Post Office Department that the frame was special to all bidders. The preferred manufacturers could produce frames of the special material called for, utilizing their existing dies, whereas other bidders, including some of the large manufacturers in the United States, were forced to new dies, the cost of which is shown to run into thousands of dollars, thereby preventing competition.

The nature of the unduly restrictive clauses in the specifications accompanying the bids in this instance justifies the conclusion that the Post Office Department was apparently unwilling to accept motor-vehicle designs which represented the opinion of the large majority of automotive engineers. This in spite of the fact that such designs have been ac-

cepted by commercial users at large and by other governmental departments, such as the Navy Department, Forest Service, and so forth, whose requirements in most cases would appear to be far more exacting than the requirements of the Post Office Department.

Your particular attention is invited to the request for bids on the 300 trucks in the 5,200-pound class. In that case the bid of the Studebaker Corporation of America was rejected and the higher bid of the International Harvester Co. was accepted; the principal reason for the rejection of the lower bid being that the steering gear on the truck offered by the Studebaker Co. was not adequate, this notwithstanding the fact that on numerous occasions before award had been made the Studebaker Co. with its resources and 80 years experience guaranteed that the steering gear was adequate and conformed to the specifications and would give bond for the satisfactory performance thereof. As a result of the rejection of the Studebaker Co.'s bid the United States was compelled to pay some \$38,000 more for trucks not shown to be of any better construction or any different from those of the lowest bidder.

In a recent purchase made by the Panama Canal the lower bid was rejected because the trucks so offered by the low bidder did not have pressure-feed lubrication to the piston pins. This notwithstanding the fact that trucks not equipped with pressure-feed lubrication to the piston pins were shown to be in extensive use by various Government departments as well as the District of Columbia and apparently giving satisfaction. The Panama Canal, in justification of its apparent disregard of the provisions of section 3709, Revised Statutes, stated that the trucks were not to be used for ordinary transportation purposes but for the purpose of constructing and repairing overhead and underground transmission lines and over wide areas and through jungles, over rough roads and cut trails where no road exists. It is singular to note, however, that there was nothing in the specifications that advised prospective bidders that the trucks were to be used for other than the ordinary hauling, and there was thus a failure to show such need of the United States and as had been pointed out in decisions of the Comptroller General of the United States that the provisions of section 3709, Revised Statutes, made it an administrative duty to specify the needs to support an expenditure of public moneys. It is not conceivable that the needs of the Panama Canal with respect to a truck differ in any respect from the needs of other departments of the Government who also use trucks in repairing transmission lines, and so forth. Furthermore, it would seem absurd to contend that the conditions under which the trucks were to be used or the areas to be covered are such that only a truck equipped with pressure-feed lubrication to the piston pins will answer the needs.

It is interesting to note in connection with the rejection of the low bidder in this case, Federal Motor Truck Co., offering a truck for the sum of \$1,908.90 meeting the essential requirements of the specifications, but not including pressure-feed lubrication to the piston pins, that at one time the Panama Canal used the specifications of the Federal Motor Truck Co.—the rejected bidder here—as a standard in its advertisement for trucks, and the specifications of the said trucks were incorporated into and made a part of the advertisement for bids; and that a protest was filed with the Comptroller General of the United States by the Autocar Sales & Service Co.—successful bidder here—against the use thereof, and in reporting to the Comptroller General with respect thereto the general purchasing officer of the Panama Canal stated in his letter of February 27, 1926, in part, as follows:

This circular also contained the standard provision hereinbefore quoted on page 2 of this letter, and bids were in fact received from three companies other than the Federal Motor Truck Co., to whom award was made. The specifications of the lower-priced trucks offered varied from the specifications in essential points, and, therefore, were not satisfactory for the service required.

The disinterested effort of the Autocar Sales & Service Co. to improve Government procedure for purchasing motor trucks is duly appreciated, but this office is unable to see wherein the present procedure of the Panama Canal for such purchases is unsound



in business principle or in any way prejudicial to the best interests of the Government.

The Panama Canal was very properly advised by the Comptroller General in his decision of March 9, 1926 (5 Comp. Gen. 712), that the methods must be corrected so that bids be not asked under specifications so drawn as to limit competition.

In a more recent case the Department of the Interior entered into a contract with the Ford Motor Co. in February 1933 for the furnishing of a 2-door 5-passenger automobile, the low bid of the Continental Automobile Co. being rejected because the spare tire was mounted in the rear instead of in a right front fender well as specified. In other words, the low bid conformed in every respect to the advertised specifications except that the spare tire was mounted on the rear instead of the right front fender well. I assume that it would not be seriously contended by anyone that an automobile conforming in every respect to the advertised specifications except location of spare tire would not answer the needs of the United States for ordinary transportation purposes. The procedure followed in this case justifies but one conclusion, and that is the desire of the contracting officer to purchase a particular make regardless of automobiles offered by others and at a lower price and conforming to the essential requirements of the specifications.

There was at one time a tendency on the part of the various establishments of the Government to standardize on automotive equipment, particularly the War Department. Originally the War Department stated that the Dodge automobile would best meet the needs of the service, and it was adopted as the standard and approved type of motor vehicle for the Army, and purchases were made accordingly for the fiscal year 1925. Next year the Chevrolet was adopted by the War Department as the only automobile that would satisfactorily meet its need. Recommendation was also made by the War Department for the purchase of a Willys-Knight car, with the result that we find the War Department urging standardization of a particular make of car because of military necessity and at the same time either purchasing or recommending the purchase of different makes—Dodge, Chevrolet, and Willys-Knight cars—and to add to this confusion of standardization the War Department subsequently purchased a Chrysler touring car and Chrysler sedan and more recently Ford cars. I am informed, however, that this situation has been somewhat corrected, and there is not the desire, or at least the War Department is not known to be now attempting, to standardize on one particular make of automobile.

In connection with the drawing of the specifications to accompany the request for bids the Comptroller General of the United States has on numerous occasions stated clearly and concisely the conditions that should govern the substance, being that under existing laws governing purchase of equipment for the Government the controlling element is the job to be done, the work necessary to be accomplished. The request for bids must fairly reflect the needs through specifications or otherwise, and the equipment to be had at the lowest price that will serve to do the job is that authorized to be purchased at the public expense. If the need be of an extraordinary nature as distinguished from the usual so as to require unusual equipment, the true nature of the need should be fully disclosed so that all who wish to bid may be informed but the specifying of minor details having nothing to do with the need may only be viewed as an attempt to limit competition and circumvent the law. The fact that manufacturers put out certain makes does not necessarily mean that they would not bid upon specifications open to all and not descriptive of a particular make or manufacture.

The various motor-vehicle manufacturers and stockholders have an interest in doing business with the Government. They have a right to stand or fall on such business by the superiority of their product rather than by favoritism of a purchasing officer or predilection of that purchasing officer for some particular make of car. The American people through Congress have an interest in keeping expenditures

to a minimum and preventing favoritism, waste, and extravagance in the expenditure of public funds. In conclusion, permit me to state that the procedure followed by the Post Office Department in awarding the contracts in question, as well as the other cases referred to, is but illustrative as to why there exists so much dissatisfaction among bidders and why numerous complaints are being filed in the office of the Comptroller General of the United States; it cannot be seriously contended that such procedure as was followed in the cases referred to is in the interest of the United States or fair to competitive bidders, nor does it comply with the decision of the Supreme Court of the United States in the case of the *United States v. Purcell Envelope Co.* (249 U.S. 313) to the effect "that the Government should be animated by a justice as anxious to consider the rights of the bidder as to insist upon its own." It can but seem to cast doubt on the integrity of the purchasing officers of the United States, eliminate competition to the prejudice of the Government and competing bidders. Furthermore, such restrictive specifications with a limited number of qualified bidders result in increased cost to the Government at a time when economy in Government expenditures is of paramount importance.

#### A PLAN SUGGESTED TO OUR COMMITTEE

The attention of the Committee on the Post Office and Post Roads has been called to the methods used by the Post Office Department in purchasing motor trucks for the Department, and there seems to be a feeling that these selections are made too near the end of the fiscal year to give the Department sufficient opportunity to investigate fully the merits of the individual bids.

Believing that the Department at the beginning of each fiscal year has a general conception of its motor-truck requirements, it is respectfully suggested that, instead of waiting until the end of the year, specifications be drawn and bids requested early in the year, to permit of a proper review of all the bids and give manufacturers an opportunity to submit claims to support their bids, should they so desire.

Knowing that there may arise some question as to the exact amount of money available for this purpose, and in order also that the Department's needs may be met in the event the original order falls short of actual requirements, it is further suggested that the specifications contain a proviso that a small percentage of additional motor trucks may be purchased at any time during the fiscal year at the same contract price.

In addition to giving the bidders ample opportunity to lay their claims before the Department, it is believed that this method would permit of a longer period of time in which to make deliveries, which, in turn, would enable the contractor to schedule production in a way that would help to keep down the costs, giving the Government advantage of a lower price, and stabilize employment by retaining the employees over a longer period.

#### MOTOR-TRUCK SUGGESTIONS SUBMITTED TO THE COMMITTEE ON THE POST OFFICE AND POST ROADS

The White Co., Cleveland Ohio: A classification plan, based on type of service, operating conditions, etc. Under this plan the manufacturer must establish and prove his qualifications before being permitted to bid.

Kenworth Motor Truck Corporation, Seattle, Wash.: Entire quantity on which bids are requested is so high as to eliminate 90 percent of the truck companies from bidding. Local manufacturers should be permitted to bid. The motor-truck business is very much of a local business. The conditions met in each district are handled by the truck manufacturer, and you will not find the same standardization in the manufacture of trucks as you will find in the manufacture of cars.

Continental Motors Corporation, Detroit, Mich.: A general specification covering the gasoline engine should suffice when dealing with reputable gas engine and truck manufacturers. Department's rigid standards calling for certain lubrication features in the engine as well as horsepower and torque output at a given speed entail changes in design and prevent manufacturer from bidding because the engine is not in strict accordance with descriptive literature previously published.

Moreland Motor Truck Co., Los Angeles, Calif.: Pacific coast manufacturers prevented from bidding because specifications require bidder to bid on all of the order and to be able to provide service at each one of the cities where the trucks are used. Local conditions are best met by local manufacturers, and Pacific



coast manufacturers would like to be permitted to bid on trucks for use in that territory.

Brockway Motor Co., Inc., Cortland, N.Y.: A reputable builder who meets every major specification should not be rejected because he does not use in his standard lines certain design features, such as special wrist-pin lubrication, unless he has in advance an opportunity to decide whether or not such a special feature should be incorporated in his standard line.

Federal Motor Truck Co., Detroit, Mich.: Specifications should be drawn so that all truck manufacturers may bid.

Fargo Motor Corporation, Detroit, Mich.: Specifications are too restrictive.

Theurer Wagon Works, Inc., North Bergen, N.J.: Business placed by the Government for these units would benefit the citizens of each locality if such bodies were to be built in the location in which they were to be used in the distribution of Government mail. It would be necessary to take into account the existing wage scale prevailing in such communities.

Superior Body Co., Lima, Ohio: Specifications are written with the assistance of outside engineers and the scope of purchasing is limited to a few manufacturers. General welfare of the country involved. Because of some of the prices paid for material, labor has received the lowest hourly rate in many years, and companies have been driven to the verge of bankruptcy. Competitors are forced, or feel they are forced, to make prices which crush both labor and material.

The Autocar Sales & Service Co., Washington, D.C.: Consideration should be given in the preparation of specifications to vehicles which will give the most continuous, uninterrupted service, coupled with the most economical operation, taking into consideration the original purchase price and the cost of operation spread over the life of the vehicle.

York-Hoover Body Corporation, York, Pa.: Awards on bids which are based on delivered cost at destination should be figured from official tariff rates and not on special concessions. Bidder should have right to have comparative figures to check up his bid against the figures which determined the award to the successful bidder.

Rex-Watson Corporation, Canastota, N.Y.: Unfair competition in the motor-truck body awards should be eliminated. Department might make up bills of material and estimated costs of the bodies involved at each letting, to be used as a guide in determining the lowest responsible bidder. If a bid is found to be considerably under the estimated costs as well as lower than a majority of the bids offered, an investigation should be made, and the Department reasonably satisfied that the contract if awarded would be completed and in accordance with plans and specifications.

Indiana Motors Corporation, Marion, Ind.: The specifications each year have been changed around to indicate a desire for one specific vehicle. This procedure precludes competitive bidding. The specifications should be written to define a truck to haul a certain pay load, to give the required performance under test, and be entirely free from all the identifying marks of one specific make and model. The committee on awards should be the post office inspectors, and to them should be furnished for technical advice and automotive counsel an engineer from the Department of Standards.

Spillman Engineering Corporation, North Tonawanda, N.Y.: Advocates a definite minimum scale of wages, such as the highway department has adopted in New York State by specifying that a minimum labor rate of 40 cents should be paid.

General Motors Truck Co., Pontiac, Mich.: Cites work of the Federal Specification Board and suggests that the Department adopt these specifications in their final form, employing the "evaluation" idea of these specifications, which considers the responsibility of the manufacturer and his ability to meet requirements, past performance of product, service facilities, price of repair parts, and many other items in addition to the mechanical details of his product. After advertising for bids the Department should designate a period, starting 7 to 10 days after issuance and continuing for 7 to 10 days, during which manufacturers may submit specifications on the model they believe will meet requirements and on which they would elect to bid. During this period the Department should be required to certify that such models will or will not be acceptable. Should there be a difference of opinion between the manufacturer and the Department regarding the interpretation of the specifications with regard to the manufacturer's design or product, the matter should be referred to some central governing board, such as the Federal Specification Board.

The Mifflinburg Body Co., Mifflinburg, Pa.: In awarding contracts the financial responsibility of the bidder should be taken into consideration. Irresponsible concerns often make such bids as to make it impossible for a financially responsible firm to compete. Government should discourage unsound low bids.

Diamond T Motor Car Co., Chicago, Ill.: It would be a very desirable thing if it were possible to standardize on a certain number of makes of trucks, allocating certain sections of the country to those manufacturers who geographically are best able to take care of that particular territory. This plan has been worked successfully with large privately owned corporations.

The Corbitt Co., Henderson, N.C.: Each and every bidder should be notified in writing of the reasons for rejection of his submission a reasonable length of time prior to the issuance of any notification of award to any other bidder for such action as each bidder might desire to take.

Pioneer Auto Works, Tacoma, Wash.: Awards should be made, as far as possible, to manufacturers in the district wherein this equipment is to be used.

It cannot be contended that the purchase of standard, current-production motor trucks will result in increased cost to the Government because of the necessity of purchasing standard parts for replacements when necessary. This matter is covered in an act approved June 30, 1930, which reads as follows:

[PUBLIC—No. 486—71ST CONGRESS]

[H.R. 12285]

An act to authorize the Postmaster General to purchase motor-truck parts from the truck manufacturer

*Be it enacted, etc.,* That whenever motor-truck parts are needed by the Post Office Department in the operation of motor trucks, the Postmaster General is hereby authorized to enter into agreements with truck manufacturers for the purchase of such truck parts at a price not exceeding the truck manufacturer's list price, less regular discounts, without advertising under such arrangements as in the opinion of the Postmaster General will be most advantageous to the Government.

Approved, June 30, 1930.

Our committee has been furnished by the Comptroller General's Office with abstracts of bids received for the furnishing of automobile-truck chassis to the Post Office Department, showing that the award was made in favor of the company that was actually the highest bidder but who succeeded for the reason that the lower bidders were eliminated on the grounds that their product did not conform to the specifications.

It may be possible for the Department to secure lower estimates by advertising for standard, current-production trucks and to purchase replacements or parts in accordance with the act of June 30, 1930, or to give every responsible bidder an opportunity to prove that his product conforms with the specifications.

Under existing conditions the bidding is restricted and many reputable firms are not being given the privileges they should enjoy. This practice is wasteful and extravagant and should be stopped in the interest of economy in government and fair dealing to our American manufacturers.

#### PROPOSED INVESTIGATION OF THE MOTION-PICTURE INDUSTRY

Mr. MUSSELWHITE. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record on House Resolution 95.

The SPEAKER. Is there objection?

There was no objection.

Mr. MUSSELWHITE. Mr. Speaker, I am constrained to oppose the resolution fathered by my friend the gentleman from New York [Mr. SROVICH]. Whatever merits the measure may have I confidently feel are nullified by the dangerous provisions contained in section 4 of the bill.

We are here to carry out the pledges of the administration in its effort toward governmental economy. How can anyone in this House say that an unlimited empowerment contained in section 4 for the expenditure of money is in the interests of economy? Why, gentlemen, it is a pronounced reversion to the old type of junkets and wasteful expenditure.

This section places no limit whatever on the amount to be expended in this so-called "investigation." It would permit of traveling in style by these investigators from Hollywood to Long Island and back again, time without number.

The very language of the resolution indicates an intent to investigate and study every activity of the motion-picture industry. This investigation, of necessity, would be nationwide. With the limited committee suggested in the resolution, no real investigation of this great industry could be accomplished in less than 2 years and at a minimum cost of probably a quarter of a million dollars.

The supply of salable motion pictures has been steadily shrinking throughout the life of the depression until it is today but 60 percent of the 1928-29 period. As a result of this many theaters in the country have been forced to close, while to keep others open it has been necessary to import and use pictures made in foreign countries.

The investigation, if carried out, would cause a disruption in the orderly processes of making salable motion pictures,



and, by reason of the turmoil of investigation with its consequent disturbance of confidence and faith in the motion-picture industry, might easily curtail their financial resources to such an extent at this particular time that the American manufacturers would be unable to finance their product for the forthcoming season.

This financing of production is a vital necessity at this time of year when the manufacturers lay out their plans for the coming season, and any disturbance of their arrangements would be bound to result in further curtailed production, which is proving so devastating to the motion-picture theaters of the country.

I do not believe the motion-picture industry should be singled out for investigation at this time. It is a loyal American industry, whose contribution to the upkeep of the morale of this Nation was so singularly recognized during the war by President Wilson and by every succeeding administration. It has loyally supported the Government in all its movements and policies.

The continued operation of motion-picture theaters has been conceded by all students of political economy, as well as city and State governments, to be of vital necessity to the American public.

It is a known and admitted fact that the motion-picture industry has suffered in this depression and is just beginning to see the light, and, in fact, today is trembling on the upturn.

An investigation such as the one proposed would, in my opinion, demoralize the industry and retard its recovery.

To my mind, this provides the set-up for the most elaborate and expensive junket in the country's history. For this reason, if for no other, I must oppose it.

Under leave to extend my remarks in the RECORD I desire to include the following telegrams from representative men and organizations in the Ninth District of Michigan who stoutly oppose this resolution:

MANISTEE, MICH., April 26, 1933.

HON. HARRY W. MUSSELWHITE,  
Representative Ninth Congressional District of Michigan,  
House Office Building, Washington, D.C.:

Certain individuals with ulterior motives endeavoring force through House Resolution No. 95, known as the Sirovich resolution, to investigate the motion-picture industry. We respectfully ask your opposition to this measure which at present time would seriously penalize and handicap the operation of the industry during this time of stress in which it is already struggling under excessive burden.

MANISTEE BOARD OF COMMERCE,  
GEORGE O. NYE, Secretary.

MANISTEE, MICH., April 26, 1933.

HON. HARRY W. MUSSELWHITE,  
Representative Ninth Congressional District of Michigan,  
House Office Building, Washington, D.C.:

As our Representative we ask your opposition to House Resolution No. 95, known as the Sirovich resolution, to investigate the motion-picture industry. This resolution seems to be inspired by thoughtless individuals and would bring untold hardship on this industry which employs thousands of workers directly and indirectly and which at present should not be further disturbed by such destructive legislation.

MANISTEE UNITY CLUB,  
THOMAS KEELY, President.

CADILLAC, MICH., May 1, 1933.

HON. HARRY W. MUSSELWHITE,  
House of Representatives, Washington, D.C.:

I desire to express my opposition to House bill No. 95, known as the "Sirovich resolution", believing it to be out-of-step at present time, and trust your views in this matter will coincide with mine.

JAMES C. FLYNN.

MANISTEE, MICH., April 26, 1933.

HON. HARRY W. MUSSELWHITE,  
Representative Ninth District of Michigan,  
House Office Building, Washington, D.C.:

Our attention has been directed to House Resolution No. 95, known as the "Sirovich resolution", to investigate the motion-picture industry. We ask your firm opposition to the passing of this measure, which would place another unwarranted burden on the motion-picture industry, which at the present time is struggling against odds to keep afloat.

MANISTEE ROTARY CLUB,  
TED VOLMER, Secretary.

### THIRD DEFICIENCY BILL

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H.R. 5390, the third deficiency bill, with Senate amendments, disagree to the Senate amendments, and ask for a conference.

The SPEAKER. Is there objection to the request of the gentleman from Texas? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. BUCHANAN, TAYLOR of Colorado, AYRES of Kansas, TABER, and BACON.

### LEAVE TO ADDRESS THE HOUSE

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes.

Mr. WEIDEMAN. Will the gentleman withhold that request a moment?

Mr. PATMAN. I withhold it.

Mr. WEIDEMAN. Mr. Speaker, may I state further that my colleague the gentleman from Michigan [Mr. HART] was detained on important business and therefore did not vote on the independent offices bill.

### MEDIOCRITY TRIUMPHANT

Mr. HENNEY. Mr. Speaker, I ask unanimous consent to extend and revise my remarks and to include in the RECORD an oration by Arthur B. Madigson, captioned "Mediocrity Triumphant", which recently won the national oratorical contest held at Iowa City, Iowa. Mr. Madigson is a distinguished student at the University of Wisconsin, and is a constituent of mine at Madison, Wis. I believe that this young orator, who has received national distinction, deserves the consideration of a place in our national RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. HENNEY. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following text of an original oration by Arthur Magidson, which this past week won him first place in the National Oratorical League contest at Iowa City, Iowa. Magidson won the \$100 Frankfurter oratorical contest with the same selection some time ago:

On a bleak, windswept hillside in Vermont, there is a newly made grave. As yet, no headstone marks the identity of the occupant. I should like to suggest one—an undecorated pillar of stone with no inscription. For the man was silent in life, silent in death, and will remain silent forever.

No words of his will long linger in our memories. We shall retain no colorful stories of his acts as the Nation's Chief Executive. He made no eternal precedents as did Washington; he propounded no new political philosophy as did Jefferson; he lacked the rugged, majestic personality of Lincoln; his public appearances were not filled with the bombastic showmanship of Theodore Roosevelt. He had neither the scholarly mien of Wilson nor the genial simplicity of Harding. Yet we shall remember him—remember him for what he was rather than for what he did.

Calvin Coolidge was Governor of Massachusetts at the time of the Boston police strike. Whether or not he actually wrote the ringing proclamation credited to him is a matter of conjecture, but because it was issued over his signature he became known throughout the Nation as the apostle of law and order. A peculiar twist of mob psychology, so common in our political conventions and legislative assemblies, made him the Republican candidate for Vice President. The postwar reaction swept him from the shadows of the governorship to the complete obscurity of the vice presidency, under Harding.

The Harding administration is remembered chiefly for the oil scandals. Coolidge sat in the Cabinet meetings at the time that the crooked deals were made. He remained silent—silent through the negotiations, silent through the discovery of the frauds, silent through Senator Tom Walsh's heroic prosecution of the guilty men. Suddenly the unexpected death of Harding shocked the Nation and pushed Coolidge into the Presidency. In that position he still remained silent. Only because of the insistence of his advisers did Coolidge reluctantly accept the resignations of Denby and Daugherty from his Cabinet. Yet when these two had left the Capital the country rejoiced that at last it had a President who would resolutely punish all evildoers.

Coolidge's ascension to the Presidency was perhaps the most dramatic incident in his career. When the news of Harding's death came the Vice President was in a cabin in Vermont with his father. There in that New England home, by the flickering yellow light of a kerosene lamp, the elder man, a notary public, raised his son's hand to Heaven and administered the solemn oath of office. And then the people began to couple the name of Calvin Coolidge with the name of Abraham Lincoln.



In 1924 the Democratic Party was split asunder at the sanguinary battle of Madison Square Garden. The late Senator La Follette entered a third party in the field, in a vigorous attempt to divide the vote and to force the election into the House of Representatives. The American people hesitated. Here stood John W. Davis—scholar, diplomat, statesman. Here stood Robert M. La Follette, appealing to the farmers and workers to support a program of industrial welfare and social justice. But here was Calvin Coolidge representing all that was safe and conservative in American life. His was not the party of Sinclair and Fall: it was the party of Hamilton and Lincoln. Davis promised sound international policies; La Follette promised a better world for the future; but Coolidge promised the full dinner pail. He sat calmly in the White House, made one speech shortly before the election to assure the country that it was fundamentally sound and prosperous, and was swept into office on a landslide. Bankers, industrialists, laborers, and farmers—all had unlimited confidence in the omniscient "sage of Northampton."

That election of 1924 was one of the great failures of democracy. Instead of recognizing that their President should be a forceful leader, and that his party should be an instrument for carrying out a definite political program, the American people asked that their Chief Executive be nothing more than a Santa Claus who would fill their stockings with Ford cars and put a chicken in every pot. When the Republican Party, represented by Coolidge, tried to satisfy that impossible demand, it bartered away the soul of its founder for a mess of political jobs.

During Coolidge's term, as usual, the people were clamoring for economy in government. Coolidge gave it to them by cutting the blue stripes off the mail bags, by ordering the Government office workers to conserve on paper, pencils, and rubber bands, and meanwhile by approving several new and expensive Government bureaus. Yet "Coolidge economy" was the watchword of the day.

Coolidge was in sympathy with the financial powers who engineered the boom in Wall Street. His phrase, "Don't sell your country short" became the battle cry of the bull market. "Coolidge prosperity" was one of the miracles attributed to the White House philosopher. We know today that this prosperity was a sham, and that beneath the towering piles of easy money to be made in Wall Street was a phantom foundation—desperate inflation of values. We know today that even then the farms and factories of the Nation were haunted by the specters of poverty, unemployment, and despair!

The Republican Convention, 1928, approached. A nod of the head from the White House and Coolidge would have been renominated by acclamation. But one summer morning, while the President was resting out in South Dakota, he handed the newspaper correspondents at his camp small slips of paper bearing the single sentence, "I do not choose to run in 1928. (Signed) Coolidge." And thus, in this terse yet cryptic statement the silent New Englander retired from public life.

Why did he issue that statement? Did he have a premonition that he would never live through another 4 years in the White House? Was he afraid of the third term tradition? Or had he seen on the horizon the tiny black cloud foretelling the impending storm, a devastating tornado which would strip any President of prestige and shatter the Coolidge legend? We do not know whether it was fear, foresight, genius, or merely luck which caused him to retire at the height of his popularity. Be that as it may, he will be remembered as "the man who knew when not to run."

But Calvin Coolidge had sowed the wind! And before the whirlwind broke he quietly sought the safe seclusion of Northampton to write syndicated columns of platitudes for the newspapers and long articles for the Saturday Evening Post at so many dollars per word.

He was like a vaudeville performer who has just built a house of cards upon the stage and then faded from view. There is a crash of trumpets! Another comes upon the scene! The house of cards collapses! So the audience still damns Herbert Hoover as a bungler but elevates Calvin Coolidge to a pedestal and proclaims him a miracle man.

The dark years of 1930, 1931, and 1932 went by. He saw the complete debacle of the system in which he believed. He saw the smashing victory of the forces of the opposition, a victory which even his own once potent voice was powerless to stay. And then he died, suddenly, alone, as unexpectedly as he had become President. And in his death as in his life he was silent.

The mound of earth above him has not yet become hard. Some are still fiercely questioning the merits of his policies; others are as warmly defending them. Now, before his figure is encrusted with legend, before he is either canonized as a saint or dismissed as a false prophet, we ought to analyze his story. Only by frank discussions can we eventually award him his due place in our American scene.

What was Calvin Coolidge? What made him so popular as President? His biographers would have us believe that his personality was warm, human, and lovable. H. L. Mencken calls him a "cheap and trashy fellow, deficient in sense, almost devoid of any notion of honor; in brief, a dreadful little cad." Neither of these two extreme positions is tenable. We still ask, What was Calvin Coolidge?

Let us put aside divergent opinions. Let us go to the man himself, as he is revealed in his speeches and papers of state. We open a volume of his earlier papers and we read, "Have faith in Massachusetts." A few more pages, "Have faith in America." Still a little further, "Have faith in government." In his last public address, delivered at Madison Square Garden during the recent campaign, he implored the people to have faith in the

Republican Party. "Have faith." It seems to be the sum total of his political philosophy.

What were his economic policies? They were epitomized when he said, "The fostering and protection of large aggregations of wealth are the only foundation on which to build the prosperity of the whole people." Or, in a more poetical mood, "The man who builds a factory builds a temple, and the man who works there worships there." It is in these incredible words that he stated the pith of his economic belief.

Have faith in the captains of industry! Have faith in the Mitchells, the Insulls, and the Kreugers! Twelve million starving families must be content to have faith in these demigods! And to think that Calvin Coolidge, living in the industrialized twentieth century, could seriously offer these banalities to a ruined and prostrate Nation!

But, after all, this is not the philosophy of Calvin Coolidge. The ideas are as old as the laissez faire doctrine of Jeremy Bentham. Coolidge did nothing original; he said nothing original.

Perhaps our answer lies in that very fact. For in the lack of anything outstanding about the man is a suggestion that as a Northampton lawyer, as Governor, as Vice President, as President, Calvin Coolidge was never more nor less than an average man. He had no transcendent qualities of leadership. His personality was average—neither remarkably forceful nor deplorably weak, neither humorous nor humorless, neither saintly nor wicked. Then why was he so popular as President? A political opponent once said, "Profound silence was mistaken for profound wisdom", but it seems to me that there is a better answer. The very fact that he was just an average American—one of the local boys who made good—gave rise to the myth that Calvin Coolidge had the interest of every common citizen at heart. Extraordinary luck, plus his own canny shrewdness, plus the sentimentality of the electorate, made Calvin Coolidge a hero.

We may not admire his policies. We may disagree with his political and economic philosophy. Even his staunchest friends are forced to admit that his 6 years as President produced no great achievement on his part. Yet he has a secure place in history. For, though Coolidge, the public official, may have seemed cold, sour, flinty, and unattractive, our aversion is tempered with a smile when we think of Silent Cal, the man. After all, that slow, cautious, thrifty Yankee is the inevitable product of our system of government, the veritable incarnation of democracy. He is the vicarious fulfillment of a hope that we all cherish; his triumph is ours—the triumph of the average man. Calvin Coolidge, more than any other national figure, personifies the spirit of middle-class America.

I will not condemn Calvin Coolidge as a man. I condemn him rather as the personification of middle-class America, which worships superficialities and sets a price upon platitudes. I condemn him as a symbol of our tragic rejection of the prophetic dream embodied in the League of Nations and our stupid preferences for the banal "back to normalcy" slogan of a petty Ohio politician. I condemn him as a typical representative of an electorate which scorned the social philosophy of the elder La Follette and chose the psychological prosperity of Andrew Mellon. I condemn him as the emblem of mediocrity triumphant.

#### INVESTIGATION OF MOTION-PICTURE INDUSTRY

Mr. KRAMER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on House Resolution 95.

The SPEAKER. Is there objection?

There was no objection.

Mr. KRAMER. Mr. Speaker and Members of the House, at a time when the whole country is suffering, our credit machinery broken down, our farmers pauperized, our industries paralyzed, and millions of our citizens terrified by the loss of their savings, their homes, and their daily bread, we are convened in Congress to adopt such measures as will most effectually operate to restore a condition which will permit security for life and property in the United States. Many of our industries have been forced to their knees; but one of our largest, the motion-picture industry, is prostrate, as a result not only of general conditions but of the extreme and destructive abuses to which it has been subjected by those that are in control of the organization. I favor this resolution as offering the best, the most practical way of correcting those abuses, reviving a great industry and placing it upon a sound basis for the benefit of a public which has invested heavily in its securities, and for the benefit of the many hundreds of thousands of persons throughout the country who are dependent on this industry for their employment and livelihood.

We do not need to authorize loans by the Reconstruction Finance Corporation nor do we need to issue bonds or go into the Treasury to start the life blood circulating in the motion-picture industry. We do need, however, to throw a strong white light into many dark corners if we would grant any measure of relief to thousands of swindled security holders and more destitute employees.



Every form of chicanery has been employed to complete the wrecking of this large industry. Nepotism, salary accounts, expense accounts, juggled accounts, illegal combinations, fraudulent financing, unnecessary receiverships, and bankruptcy, dilatory tactics, and every other abuse which could be practiced on the court, constitute only a partial list of the means used by the rapacious wreckers. While Wall Street has been loading the public with motion-picture securities which are now worth but a small fraction of the savings invested in such securities, every effort has been made, both from without and from within the industry, to render those securities valueless. In order to effect monopolies, intangible assets have been set up, illegal combinations in restraint of trade have been made, and receiverships have been jammed through the courts with the object of centralizing under the control of utility monopolies every branch of this industry. On the inside, the practice of nepotism is almost universal, huge unearned salaries are paid to inactive executives and practically all of their relatives during times while great displays of the so-called "economy" were being simulated.

Workmen, actors, office employees, and artisans of every kind have been discharged at such a rate that the studios lie idle and deserted for the most of the time. Those few employees remaining have taken a wage cut of 50 percent; but while this is going on the millionaires in their executive positions still draw their unearned and unconscionable salaries. They have appointed a czar of the industry who, with sophomoric glee, has proceeded to haze the independent producers, to haze the writers, to haze the actors, to haze the employees, to haze the wage earners, and to haze the industry and the public in general; and while all this is being done, no real steps have been taken to halt the milking of the companies by those in charge. We need go no farther than to the Wall Street Magazine for April 15, 1933, in an article written by Mr. C. F. Morgan, to find a statement of the following nature:

David Selznick had been production executive of RKO studios and under his regime—during which he is said to have drawn \$2,500 weekly—the studio failed to progress suitably, so his contract was not renewed. However, nepotism is still discernible in the studios, so his father-in-law, Louis B. Mayer, vice president and director general of MGM, hired him, the reported remuneration being \$4,000 per week. Whereupon the labor unions dashed back into their cyclone cellars, slamming the doors behind them, and Mr. Clarke groaned.

Mr. Clarke referred to is one Victor H. Clarke, who seems to have received much credit for his efforts to cut the union labor wage scales in the studios. If the Wall Street Magazine can be considered any authority, we can proceed on with Mr. Morgan's article, where we find the following:

It is my considered opinion that when much of the water is squeezed out of the motion-picture industry, when it comes to be administered by sane business men who have the background and knowledge of the country's amusement needs, it may return to 50 percent of its former financial position; but that will mean abandonment of superfluous studio plants, retirement from exhibition, cancellation of absurdly extravagant contracts, readjustment of compensations, and some appreciation of what makes a successful picture—which isn't filth, by the way.

What can the banks hope for in liquidation of their enormous loans? That will depend on their willingness to look their situation and the facts in the face. There will be losses inevitably. It will do the bankers no good to send out salvage corps from their own offices. That has been tried, and the result is flat failure. But there are men in Hollywood who know pictures, can bring order out of chaos, who are real business executives, and who have demonstrated their ability, but they are not affiliated with any studio today. They couldn't be.

And if the banks do not act to protect their loans—and perhaps if they do—undoubtedly stockholders themselves must guard their interests, for as conditions are now their securities are worth but a fraction of what was paid for them. The results of the congressional investigation into the motion-picture industry suggested by the Sirovich resolution and adopted by the House Rules Committee should prove of wide public interest.

Actually the movie business is a 5-and-10 enterprise, reaping its greatest profits in the years when production costs stayed below \$40,000 for a feature and the top admission price to a theater was 15 cents. Since then greed and rare stupidity have all but wrecked it. However, if there is a bright spot, it will lie in the rise of the independent producer, who has been half strangled during many years.

Regarding the proposed resolution, I should like to place in the Record an article appearing in the Cinema Digest, Hollywood, published under date of April 24, 1933, which is as follows:

No one within or "without" the industry can justifiably question his—Mr. Sirovich's—allegations "that assets of corporations within the industry are being dissipated, dividends are being passed, stock values are being lowered, and nothing is being done to protect the rights of the stockholders in good faith of the corporations", which in itself is sufficient to warrant an investigation.

It is our belief that such an investigation would in comparison make the never-to-be-forgotten Teapot Dome and Elk Hills oil scandals look like back-yard chicken stealing. Of course, such an investigation will have opposition on every hand, not only from the film magnates but from certain high Washington officials and ex-officials themselves; for in all likelihood, if such an investigation probed deep enough, it might expose political intrigue on the part of these Washington higher-ups and ex-higher-ups.

Most important of all right now is not to permit filmdom's Washington lobbyists to whitewash the efforts of such men as Sirovich, who desire democratically to look after the interests of a bilked public. If alleged irregularities are nonexistent, why do these lobbyists for the film magnates, as well as certain Washington officials, fear an investigation? Why not let them conduct the investigation and let the industry emerge from this current chaos with at least a clean slate?

Two questions for an investigating committee, if and when appointed, to try to find the answers to are:

(1) How can most of the studio heads continue to be millionaires and multimillionaires, either in their own names, their wives' names, or other relatives' names, while their companies go broke (some of them into bankruptcy), theaters have to close through lack of product, and the majority of films which are made are objectionable for one reason or another?

(2) Why are various lawsuits involving the Nation's antitrust laws permitted to drag through the Federal and State courts unadjudicated for years and years, while the victims of these alleged violations, including the cinema-going public, suffer pending these adjudications?

For the sole sake of emphasis we repeat: Don't permit Washington lobbyists and certain high officials to whitewash this attempted investigation. If their consciences, individually and collectively, are clear, they have nothing to fear.

For my part, I should like to propose several more questions for such an investigating committee. One of them is, Why have obsolete films and dead stock been carried at great values on the asset side of the ledger of certain motion-picture producing companies, and why have liabilities, in the form of personal-service contracts running into millions of dollars, been listed also as assets, and what connections have such practices with the rights of stockholders and the ability of studios to produce economical and good pictures? Why are writers, directors, and players being paid hundreds of thousands of dollars for not writing a line, for not directing a scene, and for not having played even a minor role?

If the executives and production vice presidents are too busy making pencil figures with general theater managers of vast circuits to give these writers, directors, and actors anything to do to earn their salaries, what kind of "cut backs" are they drawing with their pencil figures? Is it possible that these "cut backs" have nothing to do with the coordination of screen versions but rather have to do with the percentages and bonuses?

Thus we have a situation which requires prompt treatment in order to check the race to ruin, which threatens not only to wipe out the savings of many who have invested in motion-picture securities but threatens to bring about the downfall of the very industry itself. We must uncover and place before the Congress and the public the methods of juggled accounting by which the motion-picture financial statements are made up and used as a basis for the sale of securities; the methods by which the independent producers are hazed to death; the methods by which vast producing and exhibiting organizations are thrown into bankruptcy and receivership in order to acquire monopolistic control of all branches of the industry; the methods by which their assets are dissipated through the payment of huge personal-service contracts, their employees' salaries cut, their workmen discharged, and their profits disposed of in percentages and bonuses. This investigation should be instituted and carried to its conclusion if we wish to give any protection to



the holders of these securities and to preserve for the United States against foreign competition the business of making motion pictures.

# HOUSE RESOLUTION 95—INVESTIGATION OF MOTION-PICTURE MONOPOLY

Mr. O'MALLEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on House Resolution 95 and to include therein part of the testimony in the case of Paramount-Publix against Commissioner of Markets of Wisconsin.

Mr. KNUTSON. Mr. Speaker, reserving the right to object, how much space will this occupy in the RECORD?

Mr. O'MALLEY. I do not believe it will occupy more than half a column.

The SPEAKER. Is there objection?

There was no objection.

Mr. O'MALLEY. Mr. Speaker, the investigation proposed by this resolution should have the support of the Members of this House. This resolution proposes the creation of a congressional committee to investigate numerous charges, many of them contained in the resolution itself, so that Congress may recommend legislation to effectively protect the American people, the governments of the several States, and the independent producers, distributors, and exhibitors of motion pictures from the unfair and restraining influences of an established monopoly in this important American industry.

There is no other business in America that so directly affects the American public as the motion-picture business. Likewise there is no other business that has for so long brazenly disregarded fair regulation, flaunted public decency, and which has been so successfully monopolized by a small group of producers, who have thwarted every effort of State and National Legislatures to expose their insidious activities and enact legislation to control them.

For more than a decade scores of responsible people in every walk of life from the educational field to the pulpit, and from the ranks of labor, and even in the industry itself, have charged that the business of producing and exhibiting motion pictures is being carried on by various corporations in direct violation of the antitrust laws. In addition, they have charged that indecent pictures, unfit for public display, are weekly being forced upon a defenseless public, even over the protest of exhibitors themselves. The rankest kind of frauds have been perpetuated on a large section of the investing public, due to the manipulations of certain picture-producing and theater-operating companies. This well-organized monopoly of producers, through unfair devices, such as uniform-sales contracts, compulsory arbitration, blacklisting of independent theaters, block booking, unreasonable zoning regulations, secret deals with censorship boards, and even the regulation of admission prices at theaters, has promoted and established itself to a point of absolute control of the motion-picture business.

State governments have been rendered helpless in their endeavors to remedy this situation by legislation because of repeated rulings of United States courts that the States have no jurisdiction. In the case of Paramount-Publix Corporation against the Wisconsin Department of Agriculture and Markets the department of my State charged and was ready to prove the following allegations which are contained in the court records of the United States District Court, Western District of Wisconsin, filed on December 20, 1932.

These records show that the Wisconsin department alleged in its complaint by specification these particulars:

- (a) That distributors refuse to sell films to independents.
- (b) That producer-affiliated exhibitors purchase pictures or plays "in excess of their requirements", thereby preventing independent exhibitors from acquiring a "suitable or sufficient number of pictures."
- (c) That distributors "exact discriminatory prices, terms, and conditions" as against "favored exhibitors."
- (d) That distributors and producer-affiliated exhibitors "have conspired with each other in Wisconsin to exact discriminatory prices as against producer-affiliated or favored exhibitors."

Second. The respondents therein, who are designated as "the distributor and producer-affiliated exhibitors", are charged "to employ unfair practices in the exaction of protective arrange-

ments; that is to say, the fixing of an interval after one exhibition of a copyrighted photoplay before its exhibition by a succeeding exhibitor in the same community."

(a) That distributors have exacted "discriminatory protection against exhibitors."

(b) That distributors "have administered protection and the release of films in an unfair manner."

(c) That producer-affiliated exhibitors "have induced and coerced the distributors to exact unreasonable protection against independent exhibitors."

(d) The distributors and producer-affiliated exhibitors "have conspired with each other in the State of Wisconsin to "exact discriminatory protection against independent exhibitors" and discrimination in the administration of protective arrangements and the release of films to independent exhibitors."

Third. That the "producer-affiliated exhibitors" are monopolizing the business of showing motion-picture films, i.e., exhibiting copyrighted photoplays in communities in this State.

The department has further, in support of its contentions, made the following allegations:

(a) That they have secured control of competing theaters in given communities and, in some instances, have closed one or more theaters, "thereby compelling patrons to come to the houses of producer-affiliated exhibitors."

(b) That such producer-affiliated exhibitors "have conspired in the State of Wisconsin to assign to each the exclusive control of the business of showing motion pictures in given communities in the State."

(c) That such last-noted practices "have the effect of monopolizing the business of showing motion-picture films in communities in this State."

In this particular case the department charged a violation of the statutes of Wisconsin and sought to compel the motion-picture companies, as shown in the court record on the injunction hearing—

(2) To compel the respondents (plaintiffs herein) to submit to a hearing;

(3) To determine the truth of the charges; and

(4) If such charges be found to be true, to enforce the statute and its penalties.

The net result of the case, from which I have quoted some of the record, shows that the United States court rendered a decree for an interlocutory injunction on April 14, 1933, thereby preventing the sovereign State of Wisconsin to proceed against Paramount-Publix Corporation in the injunctive proceedings to stop their violations of Wisconsin statutes, section 99.14, known as the "fair trade law" of my State. So when I say that the States are helpless to act against this monopoly to protect their citizens against unfair trade practices, I speak from the record of the inability of our established State departments to act to prevent the monopolization of the motion-picture industry in not only my own State but in every other State of the Union. The investigation proposed by the gentleman from New York is absolutely necessary in order that this Congress may proceed to recommend legislation to effectively smash this monopoly and protect the States against the actions of these certain producers.

Why, gentlemen, if this committee were to confine itself to only one phase of the motion-picture business it would more than justify creation and the small expense this House might be called upon to authorize. I refer specifically to the investigation of that phase of the motion-picture business under the domination of an organization known as "the Motion Picture Producers & Distributors of America", headed by that clever and elusive gentleman, Mr. Will Hays.

The organization headed by "Elder" Hays has been directly responsible for the monopoly in the motion-picture business. And this committee, if created, should be able to obtain ample evidence that the activities of Mr. Hays and his gang of motion-picture racketeers have subsidized and propagandized private and business agencies to a degree unparalleled in American history. In the 11 years during which Mr. Hays was head of this particular motion-picture organization, and his own so-called "censorship bureau", the motion-picture industry has been so manipulated that the public-utility monopoly, the oil monopoly, and similar superpublic organizations, are amateurs in the game of controlling, influencing, and frustrating an organized public opinion. Under the direction of Mr. Hays and his secret censorship bureau, many independent producers have been



driven into bankruptcy. Theater owners in every State have been forced to exhibit indecent and revolting pictures through crooked deals and questionable decisions rendered by censorship boards. The little "Main Street" theater owner has been forced to pay the cost of not only Mr. Hays' own stupendous salary of \$250,000 a year, but to pay a "racketeer tax" in order to support the costly organization that Will Hays and his crew have created to eliminate and destroy competition in every part of the motion-picture field.

For years pleadings have been made for an investigation of the activities of the Hays organization. For years decent American citizens in every walk of life have tried to discover why this great industry has persisted in releasing upon a defenseless public a yearly deluge of obscene, moronic, and downright filthy pictures, some of them so morally rotten that even the motion-picture theater owners rebelled against exhibiting them but had to take them or gain the enmity of the monopoly and be blacklisted. But somehow, through the activities of the censorship bureau with its whitewash brush, the connections Mr. Hays has maintained in Washington and the most powerful legislative lobby in the history of the country, this organized monopoly has succeeded time after time in openly and brazenly violating every anti-trust law ever written on the books and escaping every attempt to bring them to justice.

I charge that this censorship bureau maintained by the Hays organization, instead of being used as its proponents have claimed to clean up the motion-picture industry, has been nothing but a means to the end of perpetrating and strengthening the motion-picture monopoly. They have cared nothing about the type of picture they forced the American public to be exposed to as long as their profits are guaranteed. Col. Jason Joy, one of the chief "fixers" of the Hays crew, wrote a very interesting letter reporting his visit to censorship boards in the United States and Canada in 1932. This report of Colonel Joy's was addressed to Mr. Hays. In that report he gives some interesting information as to the true functions of this so-called "censorship bureau." In commenting on such pictures as *The Strange Love of Molly Louvain*, a particularly moronic descent into filth, Colonel Joy points out that this picture and others were passed by some of the boards only after "earnest consideration and discussion with us." It is entirely probable that these "discussions" were such as to convince the boards to pass the pictures regardless of their filth because profits were involved. Farther on in the colonel's illuminating report he makes the following comment:

My suggestion on this score (score of filthy pictures) is entirely constructive. The number of such pictures in any one period (I assume to be released during any year) should be determined by their acceptability upon the part of the audiences. An overdose of this theme is bad economics.

The colonel's last statement, I am sure, means to convey to the makers of pictures that it does not matter how dirty they are as long as they are diplomatically spaced so as not to excite the public to too much of a protest. Thus the so-called famous "Hays morality code", around which so much publicity and propaganda has been fed the public, and around which Mr. Hays has built up an organization to insure the maintenance in the monopoly of the motion-picture business, is only to be used to keep the public from getting an overdose of filth to the point where they would rise up in arms and insist upon an investigation such as we are asking for here today.

And now I leave the bunk connected with the Hays censorship bureau to return to the organization which supports and maintains this bureau through an enforcement of an agreement providing for payments by certain producers to maintain the expense of the Motion Picture Producers & Distributors of America, Inc. This particular body, of which Mr. Hays is also the leading light, aids and abets certain producers and associations to maintain a restraint of trade on copyrighted productions, and in secret ways is one of the organizations of the Motion Picture Trust which is active in attempting to prevent this legislative body from

investigating their activities and thus protect the public against their insidious manipulations. Why, gentlemen, I feel sure that if this Congress has the courage to authorize this investigation—and I hope it will have, in spite of the threats, intimidations, and activities of the powerful lobby attempting to prevent it—that this committee, when created, will show the American public that the Motion Picture Trust and its lobby has even had the temerity to enter under the roof of this Capitol and endeavor to subsidize public officials right here in the city of Washington.

This resolution provides the only means for a thorough and impartial investigation into the machinery of the motion-picture monopoly; provides the only means for disclosing the colossal corruption and graft that has thrived in the motion-picture industry for years. And it provides the only means for disclosing to the American public how a few producers, for the sole and only purpose of dictating and controlling the actions, profits, and businesses of small producers and thousands of independent theater owners, have banded themselves together in an "unbeatable alliance" to set themselves above the law and the will of the people and complete their stranglehold on this industry in brazen disregard of public welfare. The tactics employed by the promoters and supporters of this one organization have been so infamous that I know the revelations which this committee can disclose will astound the American public, as well as the Members of this House who have been denied the opportunity time and again to have brought before them the ramifications of the motion-picture lobby and the motion-picture monopoly.

Rumblings beneath the surface of public opinion have indicated unmistakably that the public itself is aroused to the need for an investigation of the motion-picture industry with a view toward legislation for sensible, decent regulation of this industry with which the public interest is so inseparably linked. As the culmination of a number of months' work on my own initiative, it was my original intention to introduce in this House a resolution calling for an investigation of the motion-picture monopoly, its self-maintained "censorship bureau", and its subsidized legislative lobby. I believe the resolution introduced by the gentleman from New York provides enough leeway for this proposed committee to go into every phase of the business, including that of the activities of Mr. Hays and his crew of motion-picture "trust builders."

In conclusion, I want to say that when any organization, through its lobbyists, through its secret propaganda, and through its publications and press releases, boldly asserts that it can get any picture past any board of censorship it wants to; that when its representatives go so far as to tamper with and fix news reels to influence public and political opinion; that when, under cover of a copyright law enacted by this Congress, it extracts penalties and payments from defenseless small-theater owners; and when, by intimidations of employees and its influence and friendships among members of public bodies, it dares to openly boast in the press of the Nation that it can continue to bunco and hoodwink the public and the lawmakers and still successfully choke off any investigation proposed, it has made a direct challenge to the integrity and courage of every Member of this House of Representatives.

Since the favorable report of the Rules Committee on this resolution numerous telegrams and letters have been received from the all-powerful members of the monopoly to the effect that this investigation should be prevented. The public favors this proposed investigation, and so does every small, independent exhibitor and theater owner in the country who, with the public, looks forward with hope that this House will create this committee and that its subsequent revelations will result in laws that will protect the public interest. I hope that every Member here will challenge the boast and the dare of these "archracketeers" of business that they have been able to prevent every investigation of their activities ever proposed and will support this resolution. Its passage is the first step in tearing the lid off the motion-picture monopoly, and will enable this Congress in



the next session to pass laws that will help the States and the governmental departments charged with the enforcement of the law to correct the abuses which have existed in this industry for more than a decade.

The motion-picture lobby and the powerful influences back of them protecting certain big companies in the violation of antitrust laws and their violation of the American public code of decency have issued a direct challenge to this House. They have attempted and are attempting to prevent and forestall this investigation; to heap ridicule upon its proponents; to inject everything but reason into their arguments; which certainly proves that if they were clean and able to face public opinion, they would not now be seeking by every means, fair and foul, to defeat this resolution. If we have the courage to justify our place in this body at all, we will answer the challenge thrown down to us that says that the "movie monopoly is bigger and more powerful than the House of Representatives" and support this resolution as our answer to the challenge.

#### ASSESSMENT WORK ON MINING CLAIMS

Mr. MURDOCK. Mr. Speaker, by direction of the Committee on Mines and Mining, I ask unanimous consent for the immediate consideration of Senate bill (S. 7) providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska.

Mr. BLANTON. Mr. Speaker, I reserve the right to object to ask the gentleman a question. Is this bill a part of the President's economy program for the special session? This special session was called by the President to carry out this program. Committee after committee has refused to function during the special session. One of them is the Committee on Pensions—as important a committee as that—it has not functioned at all. I feel impelled to object to any measure that is not sent here by the President of the United States, because we are going to be here until the first of September if we start on these outside measures. Until you confine measures called up to the President's program, I shall object. During this special session there should be no bills passed except those desired and sent here by the President himself. This is the President's session. It is to put into effect his program and his policies. It is to give the President an opportunity to carry out his pledges made to the people.

Mr. COX. Will the gentleman yield? This is not a part of the President's program, but it is an emergency measure.

Mr. BLANTON. If we are going to consider this bill, we then could not refuse to give time to all of the other 10,000 bills that have been introduced in this Congress, and we will be here all summer. The President wants Congress to adjourn. The people want Congress to adjourn. We all know that, and I want us to get through with emergency legislation and adjourn and go home.

Mr. GREEN. If we are going to take up these extraneous matters, I claim that we should take up the Mediterranean fruit-fly claim in my State.

Mr. BLANTON. I am going to object to everything except the President's program.

Mr. COX. Will the gentleman yield?

Mr. BLANTON. Yes; certainly.

Mr. COX. The Rules Committee granted a rule for the consideration of this emergency matter, and if the House grants this request of the gentleman from Utah it would save the House 2 hours' time.

Mr. BLANTON. If the Rules Committee gives a rule on this matter, it puts the responsibility on the Rules Committee. If we give unanimous consent to its consideration, it puts the responsibility on the shoulders of every man in this House.

Mr. BYRNS. Will the gentleman yield to me?

Mr. BLANTON. I will.

Mr. BYRNS. I want to say that I felt disposed myself to object were it not for these facts. In the first place, the Committee on Mines and Mining has unanimously recommended the bill and unanimously reported it. The Committee on Rules has unanimously reported it. If unani-

mous consent is not given the rule is going to be presented, and this will save 1 hour's time.

Mr. BLANTON. If the majority leader wants this bill considered I withdraw my objection. I always follow my leader.

Mr. GREEN. Reserving the right to object, and I shall not object, it is common information in the House that the people of my State have been waiting for 3 years for the consideration of the fruit-fly claim. I hope the Agricultural Committee will at least give us a hearing on it. Let us present the claim and let it stand on all-fours with the legislation that has been passed for reimbursement of the damages by the foot-and-mouth disease and the pink bollworm. It is an emergency, and our people need it.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The Clerk will report the bill.

The Clerk read as follows:

#### S. 7

An act providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska

*Be it enacted, etc.,* That the provision of section 2324 of the Revised Statutes of the United States, which requires on each mining claim located, and until a patent has been issued therefor, not less than \$100 worth of labor to be performed or improvements aggregating such amount to be made each year, be, and the same is hereby, suspended as to all mining claims in the United States, including Alaska, during the year beginning at 12 o'clock m. July 1, 1932, and ending at 12 o'clock m. July 1, 1933: *Provided*, That the provisions of this act shall not apply in the case of any claimant not entitled to exemption from the payment of a Federal income tax for the taxable year 1932: *Provided further*, That every claimant of any such mining claim, in order to obtain the benefits of this act, shall file, or cause to be filed, in the office where the location notice or certificate is recorded, on or before 12 o'clock m. July 1, 1933, a notice of his desire to hold said mining claim under this act, which notice shall state that the claimant, or claimants, were entitled to exemption from the payment of a Federal income tax for the taxable year 1932.

Mr. MURDOCK. Mr. Speaker and Members of the House, it is not my purpose at this time to make any prolonged speech in support of Senate bill No. 7, but merely to briefly explain the bill and point out some reasons for its immediate passage. Under the laws of the United States every person in possession of a mining claim, in order to perpetuate his right to the claim, must perform on the claim, annually, work and labor in the amount of not less than \$100 in value. In order for the thousands of persons, mostly in the western part of the United States, to perpetuate their possessory rights to mining claims, they must on or before noon of July 1, 1933, commence in good faith the prosecution of their annual assessment work.

Recently Senate bill No. 7 was introduced in the United States Senate by Senator BORAH, of Idaho, and passed by the Senate on May 1 of this year. The purpose of the bill is to relieve the holders of mining claims in the United States and Alaska from the performance of annual assessment work during the year beginning at 12 m. July 1, 1932, and ending at 12 m. July 1, 1933. The bill, however, has a proviso which excludes from the benefits of the bill and makes it inapplicable to any claimant not entitled to exemption from the payment of a Federal income tax for the taxable year 1932.

When the matter first came to my attention I was in doubt as to whether I should support it, for the reason that it might tend to deprive some people of employment which they would otherwise get in the event the annual assessment work was not suspended for this year. But after mature study of the situation and quite thorough investigation I have come to the conclusion that the employment which would be available in the performance of annual assessment work were this bill not to pass would, as compared with the benefits to be derived from the passage of the bill, be negligible.

Most of the big operators and the corporations which are engaged in mining to a very large extent have their property patented, and the bill, of course, in no way affects patented claims. On the other hand, there are thousands of miners and prospectors who in thousands of cases have



devoted many years to the development of their mining claims and whose entire future and hopes depend on perpetuating their possessory rights to these claims who are absolutely unable financially to do the required annual assessment work for this year due to the economic and financial depression. These are the men who would suffer, and probably lose their property were they required to conform to the annual assessment law requiring \$100 in work and labor to be performed on each and every mining claim.

In every mining locality there are what are known to the mining community as "claim jumpers", who like vultures are hanging around awaiting an opportunity to "jump" some valuable mining claim in the event the man in possession is unable to do his work. These "claims jumpers" when the opportunity presents itself "jump" mining claims, not with the idea of development but simply for the purpose of securing the right to the possession of such claims, in the hope that, without doing more than relocating, they will be able to sell the property "jumped" at a very fancy price.

The thousands of prospectors in the mining States who have devoted years to the development of their claims find themselves victims at this time of the worst financial depression ever known in this country. Their financial plight is not the result of indolence on their part or the result of any other economic principle or law within their control, but they are the victims of causes over which they have no control. To compel them to do their assessment work at this time on penalty of being deprived of their property would be confiscation of the most vicious kind and without any color of justification.

By the passage of this act our Government loses nothing. No appropriation is necessary, no person is injured in the least, except the few who might get some employment if the work were required; and these few, in my opinion, are negligible. We are here in a special session to enact emergency measures for the relief of all people throughout the United States. In many instances our Government is called upon to appropriate millions, yes, billions, of dollars out of the Public Treasury for the relief of our citizens. As Members of Congress we have been called upon to do this and have generously and patriotically enacted without exception every measure requested by the President up to this date. Notwithstanding the fact that this emergency measure will not cost the Government one dime, it is just as vital to the lives of thousands of United States citizens as if it carried with it an appropriation of millions.

Some might say that it is purely sectional legislation, but it is not simply because it will benefit my section of the country or my district that I am asking its enactment. I ask your favorable consideration of this bill and its immediate passage in behalf of thousands of citizens of the United States in the West whose hopes and future existence are very much dependent on the enactment of this bill. I ask you to join me and the other sponsors of the bill and pass it at this time.

Mr. COCHRAN of Missouri. Mr. Speaker, I move to strike out the last word. I am not going to oppose this bill—in fact I have constituents who will benefit by it—but I rise for another purpose. At the outset of this session the Democrats of the House met in caucus and adopted a policy, practically by unanimous vote, for the appointment of a steering committee. That committee has been organized. To the steering committee was to be referred legislation, and upon the vote of that steering committee legislation was to be presented, when approved for consideration of the House. Today a resolution reported from the Committee on Rules was considered. That resolution was not referred to the steering committee. We have now a bill that was not referred to the steering committee. I realize that it is of minor importance, speaking of the country as a whole, but it is of major importance to some of our citizens. The thought that I want to express is this. I feel in the future we should endeavor to stop the consideration of public bills which have not been referred to the steering

committee when attempts are made to call them up on the floor of the House. We should either carry out the policy that was adopted by the Democrats in caucus or reconsider our policy and decide that we do not want a steering committee. Some of us have fought for years to secure a steering committee to get away from control by a few, and now that we have it through the action of the caucus, there seems to be a tendency to ignore the adopted policy. I express the hope the Speaker and leader will see to it that in the future the steering committee will function as the Democrats of the present Congress desired that it function. It is no small matter, and if carried out will make for harmony. [Applause.]

Mr. WHITE. Mr. Speaker, I ask for a vote on the bill.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

#### WHITE-BORAH RESOLUTION

Mr. WHITE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. WHITE. Mr. Speaker, the bill under consideration, which has passed the Senate, is an emergency measure of vital need to the mining industry of this country and Alaska.

Mr. Speaker, I have been asked to state the number of people that would be benefited under the operation of this bill.

Mr. Speaker, in the great area of public lands in the West in our mining States there are thousands of mining claims staked and held under the provision of our statutes which require the expenditure of \$100 assessment work annually for each claim. In many cases groups of these claims are held by companies in which there are thousands of stockholders. Many of these claimants and companies, acting in good faith, have developed their mining properties by the expenditure of labor and capital in the hopes of discovering and developing ore bodies of commercial value.

Mr. Speaker, let me point out that many of the great mines producing millions in metal wealth passed through the prospect stage and were developed to their productive stage by the plan followed by the prospectors that are holding unpatented claims in thousands of districts in the mining States of the West. In many cases after discovering veins that give promise of developing into paying mines in the mountain fastness, they have complied with the law in making their location and have constructed roads, erected buildings, brought in machinery, and opened the ground by driving tunnels or sinking shafts. Many of these mining properties represent the work of a lifetime of the locators and company organizations that develop them. Many such companies deem it more advisable to expend their money in opening and proving the value of the deposits rather than making a large outlay necessary to acquire the land by patent before its value as a mine is proven. Now, when thousands of these owners, through financial inability, are unable to meet the requirements of the law and must, if the provision is not suspended, lose the labor of a lifetime. It is sought here by the passage of this bill to protect these helpless mine owners and preserve to them the title of the claim that they are holding under the Federal mining law.

Mr. Speaker, I should like to read to you the account of the life work of one of these sturdy prospectors, as outlined in an article printed in the *Spokesman Review*, of Spokane, Wash., under date of January 21, 1931:

By death of T. B. McWilliams, 65-year-old, 1-armed miner, at the Parnell Hospital at Sandpoint yesterday, Idaho has lost as resolute a prospector as ever took up a pick and shovel to wrest a fortune from its rugged hills.

Undeterred by the loss of his right hand in a premature blast while driving a prospect tunnel on Scotchman Peak 16 years ago, he continued working his claims, lengthening his tunnels day by day. In his work he used an ingenious device, fitted to the stub of his arm by the blacksmith here. It permitted his holding and turning drill steel or hooking onto the handle of a wheelbarrow to take out the broken rock.

Known to the scourdoughs and the youths of the region as "Uncle Tommy", he carried on. Summer suns passing, and winter



snows, piling high on his lonely cabin roof, found "Uncle Tommy" hammering away at the hard, steel-defying quartzite, boring his way to nature's mineral wealth, which has baffled and discouraged many more able-bodied and better-equipped men. Not one tunnel, but four, yawn at the foot of Goat Mountain as monuments to his undaunted courage and tireless labor.

"Uncle Tommy lived to see his dream of a mining camp in this district realized. His 40 years of faith and work have been an inspiration to those who in recent years have caused the surrounding hills to yield up silver and lead in paying quantities", was the tribute paid him here today.

Mr. Speaker, "Hope springs eternal in the human breast", and in no breast does it reside with more permanency than in the breast of our grizzled prospectors. Fortune awaits just 10 feet ahead in the solid rock in the minds of the old prospectors. Never daunted, always buoyant, and sure that fortune will some day smile upon his efforts, the prospector pounds away at the clinking drills slowly opening the way to the bonanza that lies a few feet ahead in the vein that he is following.

Mr. Speaker, let me recount to you an event in the history of mining in Montana, an episode told in mining camps wherever beans are boiled and bacon is fried over a prospector's camp fire. Years ago a stout-hearted little Irishman by the name of Tommy Cruse formed an idea that, in the hills surrounding the great placer diggings in the Helena district, somewhere there must be deep-bedded veins of gold. He staked his claim high on the mountainside in the Marysville district and resolutely drilled and blasted his way into the solid rock. Months and years rolled around as Tommy pounded away in driving his tunnel, leaving anon to go forth and earn a grubstake that he might continue his work. Some miner once wrote on his mine door, "Cruse's folly", but Tommy persevered single-handed and alone and drove 1,300 feet through the rock to open the great gold ore body known as the Drom Lummond Mine. Tom Carter, of Helena, was his lawyer.

Tommy's ambition had always been to own a million dollars. So when the sale was made and Tommy was secure in his million, lawyer Carter saw to it that he retained one sixteenth interest in the mine. This produced many times Cruse's original million and may have been one of the major reasons for giving us the Honorable Senator Tom Carter, of Montana. Tommy opened a bank in Helena for carrying out one of his cherished ambitions. When the great depression of 1893 closed in on Helena and bank after bank closed and eager depositors made a run on Tommy's bank, he simply opened his vaults and piled high in the teller's cages his golden store within sight of everyone, where eager depositors could be paid as fast as they came. This ended the run on Tommy Cruse's bank and made financial history in the State of Montana. My friends, the romance of mining is not dead in the West; many opportunities await stout-hearted prospectors that roam the western hills seeking for another Drom Lummond.

Mr. Speaker, in passing this bill let us give the sturdy prospector of the West a year's respite in this gruelling hour of depression. Preserve to him the future of his years of labor so that when prosperity again smiles upon the mining industry he may have an opportunity to continue his efforts in opening and bringing forth new mineral wealth for the use of this great Nation.

#### LEAVE TO ADDRESS THE HOUSE

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. Mr. Speaker, I reserve the right to object. The gentleman from Maine [Mr. BEEDY] would like to have 15 minutes, following the gentleman from Texas.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, is any other legislation coming before the House today?

Mr. BYRNS. No; but many gentlemen here are very anxious to get away this afternoon. They do not like to

leave while the House is in session. We will have plenty of time for discussion next week, because there will be little before us the first part of the week. I am not going to object to any of these requests for unanimous consent to address the House, but I do hope we will be able to adjourn soon and permit some of these gentlemen to leave.

Mr. MARTIN of Massachusetts. Can the gentleman tell us the order of business on Monday?

Mr. BYRNS. At the present time I know of nothing that will come up on Monday except possibly the President will have a message to deliver on Monday. There are no conference reports, and I know of no legislation that will come up. Of course that is suspension day, and I do not know what the Speaker has in mind.

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent that on Monday, after the reading of the Journal and the disposition of business on the Speaker's table, the gentleman from Maine [Mr. BEEDY] may address the House for 20 minutes.

The SPEAKER. That is contrary to the rule that we have been following. Under the practice, we have not granted permission to address the House at some future date.

Mr. BYRNS. I should not want to give unanimous consent to that, not knowing what will be before the House on Monday.

Mr. BRITTEN. Is it not possible to agree now that there will be no attempt made to pass any particular legislation this afternoon, so that Members who desire to speak under the unanimous consent may do so?

Mr. BYRNS. Will the gentleman from Illinois remain here until we adjourn, if that is done?

Mr. BRITTEN. Yes, if the distinguished leader remains with me.

Mr. BYRNS. I certainly will remain, but I wonder whether my friend will.

Mr. MARTIN of Massachusetts. Mr. Speaker, if there is no emergency business on Monday, I take it the gentleman would not object to Mr. BEEDY's having 20 minutes at that time.

Mr. BYRNS. No; but I would rather not have the order made now.

Mr. MARTIN of Massachusetts. With that understanding, I shall not object to the gentleman from Texas' proceeding for 2 minutes.

Mr. BLACK. Mr. Speaker, will the gentleman from Tennessee yield?

Mr. BYRNS. Yes.

Mr. BLACK. I notice that the Senate yesterday passed a bill concerning Federal secrets. Is there any possibility of that bill's coming up on Monday? That is the bill that passed the House under a misapprehension, which contained a press-censorship provision.

Mr. BYRNS. It would first have to go to conference.

Mr. BLACK. I ask the question because I want to have something to say about my own relations with the Attorney General's office and the Department of State in respect to that bill.

Mr. PARKER of Georgia. Mr. Speaker, I demand the regular order.

Mr. BYRNS. The bill has come over from the Senate. It is a bill that came originally from the Committee on the Judiciary and I think that that committee should have opportunity to look it over before it is brought up.

Mr. MARTIN of Massachusetts. Can the gentleman tell us whether the Celler resolution is coming up this afternoon?

Mr. BYRNS. It is not.

Mr. BUSBY. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. BUSBY. Some days ago I made points of no quorum for a purpose, which I did not explain at that time.

The thing that is now before the House relates to that situation. There is one committee of this House that is given the exclusive prerogative of doling out the time of the House, not to attend to its business but to let Members make speeches.



Mr. PARKER of Georgia. Mr. Speaker, the regular order. The SPEAKER. Regular order is demanded.

Mr. BUSBY. Mr. Speaker, I make the point of order that there is no quorum present.

Mr. BYRNS. Will the gentleman withhold that for just a moment?

Mr. BUSBY. No. I insist on the point of no quorum, if the gentleman from Georgia [Mr. PARKER], is going to be so inconsiderate of what I am saying.

Mr. PARKER of Georgia. Mr. Speaker, I made the point before the gentleman from Mississippi was recognized.

Mr. BYRNS. Mr. Speaker, if the gentleman will permit, I ask unanimous consent that when the House adjourn today it adjourn to meet on Monday next.

Mr. BUSBY. Mr. Speaker, I insist on the point of order of no quorum. I am not satisfied with the attitude of the gentleman from Georgia. I arose courteously and for a particular purpose.

Mr. BRITTEN. Will the gentleman yield for a question?

Mr. BUSBY. I do not have any time. The regular order has been demanded.

Mr. BRITTEN. Will the gentleman yield for a question?

Mr. PARKER of Georgia. Mr. Speaker, I have already made the statement that I demanded the regular order before the gentleman from Mississippi [Mr. BUSBY] was recognized, and the RECORD should show this to be a fact. I withdraw the point of order.

Mr. BUSBY. Mr. Speaker, I will withdraw the point of order of no quorum, temporarily. [Applause.]

#### ADJOURNMENT OVER

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that when the House adjourn today it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee [Mr. BYRNS]?

There was no objection.

Mr. BUSBY. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. BUSBY. I started to make this explanation, because some of the Members did not understand the other day why I made the point of no quorum. I consider the time of this House does not belong to the Committee on Appropriations, to be doled out to Members who manage to get some favorable ear from the subcommittee chairmen who happen to be handling the time. I think those requests of the gentleman from Texas [Mr. PATMAN] for time to address the House are entirely in order, and that the time of the House for debate ought to be controlled by the House and by the Speaker, instead of by the Committee on Appropriations. The fact is, I do not think the subcommittee chairmen of the Appropriations Committee want to be bothered with it. I think I shall continue, when the Committee on Appropriations performs, to make points of no quorum if it is so important that it can control the time of the House, to see that there is a quorum present to accord them that importance to which they are entitled. [Applause.]

Mr. BYRNS. Permit me to say to the gentleman that I have been a Member of this House for some time, and it has always been the custom when a bill is pending before the House to give the chairman and the ranking minority member the privilege of controlling the time. That has not only been done with reference to appropriation bills but it is done with reference to every bill that comes before the House.

Mr. BLANTON. To the District bills especially.

Mr. BYRNS. To the District bills and all bills. I know of no other way that we can have any regular procedure in the way of debate except by that particular plan which has been followed.

Mr. BUSBY. If the gentleman will yield, I will tell him how. You do not discuss your business as other committees are required to do. The District Committee does, most of the time.

Mr. BLANTON. It does not have to confine debate to its bills, for in Committee of the Whole general debate is always

in order. I myself have yielded the gentleman from Mississippi a whole hour. I distinctly remember yielding a whole hour to the gentleman myself.

Mr. BUSBY. And I thanked the gentleman for his courtesy when he was in the chair, and that disposes of that matter.

What I started to say was that formerly we had an opportunity of asking the Chair for special orders when men really had something to talk about, but we have to forego that under the recent arrangement and policy. That is how we got time, not from the Appropriations Committee, which time belongs to the Members of the House, but from the House itself, and from the Speaker, by unanimous consent.

Mr. DOWELL. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. DOWELL. May I make this suggestion: That when the Budget law was passed it was the understanding of the Members of the House and that was the rule that the Committee on Appropriations was not to consider or bring in any legislation. The rule just recently, however, has been that the Committee on Appropriations has had entire charge, not only of appropriations but of legislation, and if any objection is made to the legislation the Rules Committee brings in a rule making the legislation in order on an appropriation bill. That is the reason the Committee on Appropriations has the assignment of all this time, because they are doing all the legislating as well as appropriating.

Mr. BYRNS. May I say this: That I have been a member of the Committee on Appropriations of this Congress ever since the Budget law was framed and passed. I do want to say in justice to that committee, both under Republican Congresses and under the last Democratic Congress, that it recommended very little legislation on appropriation bills, and only in cases of what might be considered an emergency, and before those matters were brought in the committee consulted with the chairman of the legislative committee which would have jurisdiction of the matter as to whether his committee would object.

In the recent bill, to which the gentleman refers, there is a great deal of important legislation, and the gentleman realizes that if all that legislation had gone to legislative committees we might have been detained here 2 or 3 weeks considering it. Therefore a rule was brought in and the House was given an opportunity to vote its sentiments as to whether or not it should be retained.

Mr. DOWELL. If the gentleman will yield a moment, my criticism just now was not especially directed to the last bill. Before the Budget law was passed all of the legislative committees made their recommendations for appropriations, and when the Appropriations Committee was given the task of recommending appropriations for all activities of the Government, it was the definite understanding of the House that it would bring in no legislation.

Mr. BYRNS. The gentleman understands, and the country understands, that we are legislating now under emergency conditions, trying to meet a situation which the gentleman and every Member of the House is very anxious to clear up.

Mr. DOWELL. Yes.

Mr. BYRNS. This has required a rather unusual number of rules during this session; but I hope after we have disposed of this legislation, which is considered of an emergency nature, we can get back to normal conditions, insofar as procedure is concerned. As the gentleman from Oklahoma said, the amendments put upon this appropriation bill were solely in the interest of economy and nothing else.

The SPEAKER. The gentleman from Texas asks unanimous consent to proceed for 3 minutes. Is there objection? There was no objection.

#### INVESTIGATION OF MOTION-PICTURE INDUSTRY

Mr. PATMAN. Mr. Speaker, I voted against the Sirovich resolution because I felt the delay that would be caused by an investigation by a congressional committee would be in the interest of the law violators rather than against their interests. I felt that it would cause considerable and unnecessary delay.

## DEPARTMENT OF JUSTICE SHOULD ACT

I am preparing now and expect to introduce Monday, a resolution requesting the Attorney General of the United States to immediately and speedily investigate all the charges made by Mr. SIROVICH in his resolution and all the charges made against the motion-picture industry, in the hope that if violations of the law are discovered that criminal and civil actions will be commenced immediately, and that there will be no delay. I hope if they are discovered that those who should be prosecuted will be tried before the bar of justice rather than before the bar of public opinion.

## FEDERAL TRADE COMMISSION ORGANIZED TRUST

I do not want this investigation to be made by the Federal Trade Commission. The Federal Trade Commission made a substantial contribution toward the organization of this trust. If I had the time I could convince you that the Federal Trade Commission has organized many trusts; that it has assisted monopoly and not the people. Certainly it is not going to do anything against trusts when it is in the trust-organizing business. Therefore, I want a fair, impartial, and speedy investigation made by the Department of Justice in the hope that all violators of the law will have to pay a fine, go to the penitentiary, or go to jail. I am tired of this "throwing the rabbit in a briar patch" or "slap on the wrist" punishment that the Government has been a party to in recent years.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. MARTIN of Massachusetts. Does the gentleman think his resolution necessary? Can he not bring the facts to the attention of the Attorney General, and would not the Attorney General proceed?

Mr. PATMAN. Since the House refused to adopt the Sirovich resolution and since some of the Members were misunderstood in voting against the resolution, I felt that it would be in order for the House to express itself as favoring an investigation of the matter and I am introducing this resolution for the purpose of allowing the Members to record their expressions on this subject. The Attorney General will probably appreciate an expression from the House on this important matter. Certainly he would not object to it.

Mr. MARTIN of Massachusetts. The gentleman is not attacking the integrity of Mr. Cummings?

Mr. PATMAN. Not in the least.

Mr. MARTIN of Massachusetts. Then I do not see why the gentleman's resolution is necessary.

Mr. PATMAN. I do not doubt his integrity in the least. I have the utmost faith and confidence in Mr. Cummings. I believe he will carry out and perform the duties of his office, which is more, I will say to the gentleman, than was done by his predecessor. This resolution merely requests him to make this investigation.

Mr. MARTIN of Massachusetts. Then why does not the gentleman from Texas take it down to the Department of Justice and give it to him?

Mr. PATMAN. Passage of this resolution will be an expression from this House that we are in favor of it and that we want him to know how we feel about it.

Mr. COCHRAN of Missouri. Where does the gentleman get the information that Members were misinformed who voted in the negative on the rule?

Mr. PATMAN. I did not get that information. I said some of them were probably misunderstood.

Mr. MARTIN of Massachusetts. I think if the gentleman would take a taxi and ride down to the Department of Justice he would get there quicker than to wait for the resolution to be acted upon.

Mr. PATMAN. My resolution will be prepared and presented Monday.

Mr. WEIDEMAN. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. WEIDEMAN. The gentleman from Missouri said he is going to dispose of this matter. This matter is just started, and anyone who opposes it will never hear the end of it.

## FUTILITY OF ORDINARY INVESTIGATION

Mr. PATMAN. I see no reason why we should investigate known violations of the law, except for the purpose of punishing someone; if that is the purpose, the investigation should be conducted by those who have the power to institute criminal and civil proceedings. A congressional committee would have no such power. We know the main facts presented in the Sirovich resolution, so why delay action against the wrongdoers until a congressional committee can spend a few months and a few thousand dollars? Such a committee would then have to turn the facts over to the Department of Justice, so why not let the Department of Justice check the facts that are now known and commence proceedings without delay? Delay is a wrongdoer's best witness. If the facts were not already known, I would be in favor of the Sirovich resolution. This proposal is unlike the Teapot Dome investigation in this: In the *Teapot Dome* case the facts were suspected but not known. In this case the facts are known. Do we need an investigation to determine the large salaries paid? No; Mr. SIROVICH has all that information now, and it is also known by other Government officials. It is also known how the giant monopoly is crushing independents and otherwise violating the laws. We do not need an investigation by a congressional committee; we need the facts compiled for effective criminal and civil action. A few criminal cases will do more toward effectively enforcing the antitrust and antimonopoly laws than all the investigations that can be conducted. Wrongdoers are not afraid of investigations by committees powerless to cause punishment to be administered. They want us to investigate until the statute of limitations has run against the enforcement of criminal penalties. That is what usually happens—a long investigation; volumes of testimony printed, never to be read by anyone; hundreds of thousands of dollars of the taxpayers' money spent, report made years later, and nothing done because of the long delay and the statute of limitations.

## INVESTIGATION OTHER FEATURES DESIRABLE

The Sirovich resolution did not propose an investigation of the charge that no bona fide effort is being made to censor screen material and that pictures are exhibited that are indecent and otherwise unfit for public display; nor the charge that the Motion Picture Producers and Distributors of America, Inc., of which Mr. Will H. Hays is president, is primarily a political organization and, although a public-service industry, is attempting to unduly influence public opinion by misleading propaganda. The first charge in regard to indecent pictures I would especially like to see investigated. These three subjects should properly be investigated by a congressional committee in order that the facts may be disclosed in aid of future legislation.

I insist, however, that all investigations that have for their purpose the punishment of violators of the criminal laws or the antitrust laws where the facts are known should be conducted by a body that is in a position to prosecute such charges. An investigation to determine facts that are not known as a basis for wholesome legislation should properly be made by a congressional committee.

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BUCHANAN. Mr. Speaker, there has been a great deal of discussion here relative to legislation being brought in on appropriation bills. I want to state to the Members of the House the policy that is going to guide my action as chairman of the Appropriations Committee, and that is this: When the special session is over and when the emergency legislation requested by the President has been enacted or disposed of and when normal times come, there will be no legislation on the appropriation bills. [Applause.]



I just want to let you know that this is my policy and under no condition will any legislation be on an appropriation bill, even during this emergency, unless the President requests such legislation.

Mr. HOEPEL. Will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. HOEPEL. Is the gentleman so hopeful as to believe that the emergency is going to be over in this session?

Mr. BUCHANAN. I am hopeful the legislation which we shall enact will cause prosperity to return to this country in a reasonable time.

Mr. HOEPEL. I hope the gentleman is correct, but I believe he is wrong. [Laughter.]

Mr. BUCHANAN. I am sorry the gentleman is such a pessimist.

Mr. BLANTON. May I remark that the gentleman, instead of looking at the doughnut is looking at the hole. [Laughter.]

Mr. BUCHANAN. Now, one other suggestion. We have had a special session and there has been emergency legislation on appropriation bills and there have been appropriations on legislative bills. Did you hear one complaint from any member of the Appropriations Committee against \$100,000,000 of actual appropriations carried in the farm relief bill? No. Why? Because we want results to bring this depression to an end, and we do not want any technicality to stand in the way of getting results. [Applause.] What do the people of this country care about the rules of the House when they are suffering and want results? Therefore, whatever will give the quickest results to end this depression I am for, and I do not justify my action in bringing in legislation on appropriation bills by Republican precedents, but on the necessities of the case, and I have no apology to make to any man. [Applause.]

Mr. BLACK. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. BLACK. Mr. Speaker, yesterday I introduced a resolution, which was referred to the Committee on Foreign Affairs, to the effect that our delegates to the World Economic Conference be directed not to enter into any arrangements or accords or understandings with the delegates from the Governments of Germany, Spain, and Mexico.

I did this on the theory that this country, which has before all men stood for the thesis that there should be religious freedom, should not in any way use our economic resources to continue in power the present Governments of Germany, Spain, and Mexico, and thus enable these Governments to continue their persecutions—in Germany of the Jews and in Spain and Mexico of the Catholics.

I think it is highly unfair for this Government in any way to call upon the coreligionists in this country of the Jews in Germany and the Catholics in Spain and Mexico to help by their personal economic resources, through the taxing power of this country, governments abroad which are persecuting their own people.

If this country has builded well, because it offered opportunity to all men, regardless of their creed or religious belief, this is a good idea for the world to carry out; and inasmuch as we have taken a leading part before the world in the efficacy of religious freedom, and because we are taking a leading part in this conference, I believe we should insist that these persecuting governments should not be helped in any measure at all by the Government of the United States which, after all, is only the people of the United States.

We are going to call upon our people, no matter what they are, in the event of agreements with these countries, to do something in an economic way to help, and anything we do that will help the present Government of Germany and the present Governments of Spain and Mexico will only be calling upon our people to help to carry on persecutions of an economic nature abroad.

There is nothing religious about these persecutions. There is nothing spiritual about these persecutions. They are entirely economic persecutions. These governments do not care anything about the hereafter of any of their people. Those in the countries who insist on the government persecuting do not care anything about the spiritual welfare of those persecuted. All they care about is the watch in the Jew's pocket or the watch in the Catholic's pocket that they want.

Religious persecution is entirely a crass, material proposition, and I say this Government should not enter into any arrangements at all calling upon Catholics and Jews in this country to help continue in power these persecuting governments abroad. [Applause.]

#### LEAVE OF ABSENCE

By unanimous consent, the following leave of absence was granted:

To Mr. WILLIAMS, indefinitely, on account of illness.

To Mr. DRIVER, for 1 week, on account of important business.

To Mr. CLARK of North Carolina, for several days, on account of important business.

#### ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 3835. An act to relieve the existing national economic emergency by increasing agricultural purchasing power, to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and for other purposes; and

H.R. 4606. An act to provide for cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering caused by unemployment, and for other purposes.

#### BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H.R. 3835. An act to relieve the existing national economic emergency by increasing agricultural purchasing power, to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and for other purposes; and

H.R. 4606. An act to provide for cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering caused by unemployment, and for other purposes.

#### ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 1 minute p.m.) the House, under its previous order, adjourned until Monday, May 15, 1933, at 12 o'clock noon.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. GLOVER: A bill (H.R. 5623) for the relief of William F. Henley; to the Committee on War Claims.

By Mr. HARTLEY: A bill (H.R. 5624) granting compensation to Philip R. Roby; to the Committee on Claims.

By Mr. KNUTSON: A bill (H.R. 5625) to authorize the sale and conveyance by the Department of the Interior to

C. M. Hanson, of Briceyn, Minn., or his heirs, successors or assigns, of approximately 1¾ acres of lot 2, section 33, township 43 north, range 27 west, in the county of Mille Lacs, Minn.; to the Committee on Indian Affairs.

#### PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1023. By Mr. BACON: Petition signed by 3,610 citizens, mostly resident in New York State, protesting against the enactment of any legislation to admit aliens from Europe outside of quota restrictions; to the Committee on Immigration and Naturalization.

1024. By Mr. KENNEY: Petition of the Department of New Jersey, Reserve Officers' Association of the United States, in convention assembled, protesting against any further weakening of national defense, and in particular against any reduction in the number of officers in the Regular Army or in the amount of training given to Reserve officers; to the Committee on Military Affairs.

1025. Also, petition of the Department of New Jersey, Reserve Officers' Association of the United States, in convention assembled, protesting against any further weakening of national defense, and in particular against any reduction in the number of officers in the Regular Army or in the amount of training given to Reserve officers; to the Committee on Naval Affairs.

1026. By Mr. LINDSAY: Petition of the Industrial Chemical Sales Co., Inc., New York City, opposing House bill 3759; to the Committee on the Judiciary.

1027. Also, petition of the Women's Auxiliary of the Democratic Veterans' Organization of Kings County, Holly Club, Brooklyn, N.Y., opposing modification or cancelation of any Government insurance policies; to the Committee on Ways and Means.

1028. By Mr. MALONEY of Connecticut: Resolution of the Common Council of the City of Bridgeport, relative to commemorating the naturalization of Brig. Gen. Thaddeus Kosciusko; to the Committee on the Post Office and Post Roads.

1029. By Mr. RUDD: Petition of the Women's Auxiliary of the Democratic Veterans Organization of Kings County, Brooklyn, N.Y., opposing any modification or cancelation of Government insurance policies; to the Committee on World War Veterans' Legislation.

1030. By Mr. SANDERS: Resolution of the Texas Senate, favoring an amendment of the Wagner bill so that the Reconstruction Finance Corporation funds could be appropriated to the Texas Relief Commission to be used for the building of good roads in any section of the State; to the Committee on Education.

1031. By Mr. TARVER: Petition of T. W. Langston, of Atlanta, Ga., protesting against the harsh measures of the economy bill, and calling attention to the effects of this law; to the Committee on World War Veterans' Legislation.

1032. By Mr. TERRELL: Petition of Commissioners Court of Panola County, Tex., requesting appropriations for Federal highway building; to the Committee on Roads.

1033. By Mr. SWEENEY: Petition of the members of the congregation Kneseth Israel of Cleveland, Ohio, requesting that the United States, through its administrative and diplomatic agencies, declare to the German Government its disapproval of the inhuman and brutal treatment of Jewish citizens of Germany; to the Committee on Foreign Affairs.

1034. Also, petition of the members of the Temple on the Heights of the city of Cleveland Heights, Ohio, representing 900 families, in annual meeting assembled, deploring the situation of the Jews in Germany, and appealing to the heart of humanity to stem the growing tide of anti-Semitism and exert its influence to put an end to this program of medieval cruelty in Germany; to the Committee on Foreign Affairs.

## SENATE

MONDAY, MAY 15, 1933

The Chaplain, Rev. ZēBarney T. Phillips, D.D., offered the following prayer:

Almighty God our Heavenly Father, with whom is the well of life and light; impart to our thirsting souls the draught of living water from Thy plenteous fountain, and increase in us the brightness of divine knowledge, that our darkened minds may be illumined by the effulgence of Thy love.

Calm Thou our spirits by that subduing power which alone can bring all scattered thoughts into captivity to Thee, that we may find that inward peace in which Thy Spirit's voice is heard, calling us to sacrificial service for the welfare of our Nation. Deal tenderly with all mankind, granting hope to the discouraged, forgiveness to the sinful, friendship to the lonely, comfort to the sorrowing, and, to us all, light at eventide. We ask it in the name of Jesus Christ our Lord. Amen.

#### THE JOURNAL

The Chief Clerk proceeded to read the Journal of the proceedings of the calendar days of May 11 and 12, when, on motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the further reading was dispensed with, and the Journal was approved.

#### CALL OF THE ROLL

Mr. LEWIS. I suggest the absence of a quorum and move a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Coolidge	Hebert	Reed
Ashurst	Copeland	Johnson	Reynolds
Austin	Costigan	Kendrick	Robinson, Ark.
Bachman	Couzens	Keyes	Robinson, Ind.
Bailey	Cutting	King	Russell
Bankhead	Dickinson	La Follette	Schall
Barbour	Dieterich	Lewis	Sheppard
Barkley	Dill	Logan	Shipstead
Black	Duffy	Loneragan	Smith
Bone	Erickson	Long	Steiner
Borah	Fess	McAdoo	Stephens
Bratton	Fletcher	McCarran	Thomas, Okla.
Brown	Frazier	McKellar	Thomas, Utah
Bulkley	George	McNary	Townsend
Bulow	Glass	Metcalf	Trammell
Byrd	Goldsborough	Murphy	Tydings
Byrnes	Gore	Neely	Vandenberg
Capper	Hale	Norris	Van Nuys
Caraway	Harrison	Nye	Wagner
Carey	Hastings	Overton	Walsh
Clark	Hatfield	Patterson	Wheeler
Connally	Hayden	Pope	White

Mr. LEWIS. I wish to announce that the Senator from Kansas [Mr. McGILL] is detained by illness. I ask that this announcement may remain for the day.

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present.

#### MUSCLE SHOALS—CONFERENCE REPORT

Mr. SMITH submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 5081) to provide for the common defense; to aid interstate commerce by navigation; to provide flood control; to promote the general welfare by creating the Tennessee Valley Authority; to operate the Muscle Shoals properties; and to encourage agricultural, industrial, and economic development, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter inserted by the Senate insert the following:

"That for the purpose of maintaining and operating the properties now owned by the United States in the vicinity